

this study inspiration left by the heroic men and women of the past, to bind ourselves in an undestructible unity through understanding of one another, and by so doing to form a united country that can face with confidence the constantly arising problems created by the new scientific and rapidly developing world. We are here today because we want to rededicate ourselves to the fundamental principles of liberty and freedom. We are doing so in order that we may show a devotion to the sound doctrines of government that safely guided the destinies of the Nation throughout its long and glorious history.

Many of the problems with which we are now confronted could easily be solved if only the country had leadership of the type provided the people of the South by Robert E. Lee during the tragic era that followed the war. The people of that generation would have frowned upon the faithless and perfidious promises so characteristic of some of the leaders of the present generation. They would have scorned men who promise one thing today and do another tomorrow. They would have looked with disdain upon the wastrels and squanderers who are as careless with our rights as with our money, and who swarm like locusts around our Nation's Capital, and who consistently advocate spending more each year until the country is hanging on the cliff or financial irresponsibility.

If we could revive that spirit of patriotism, of self-reliance, of self-denial which existed during the days of the Civil War and the years that followed, we could restore fiscal sanity and sound government, and speedily discharge the national debt.

What is it that we want to gain from the Civil War and the great men like Robert E. Lee who participated in it? We want to gain

freedom for ourselves and for our children from the harsh restrictions of a central government which have been needlessly and recklessly imposed. We need to gain self-reliance and to indulge in the practice of self-denial, the outstanding and inspiring examples, which Lee gave to his followers in the South during the terrible years of reconstruction.

After the war, Lee was the uncrowned leader of his people. He was disfranchised. He held no office, no commission. His strength lay in his character, his faith and courage, the confidence of the South and the hope for his people that still lingered in his Christian heart. He consistently refused offers of worldly gain and preferred instead to share the miseries of his people. Like the gentleman and patriot he was, he clung to Virginia in her fallen fortunes. The life he lived is worthy of emulation on the part of us all.

In addition to the fact that he ranks among the foremost soldiers of all ages and all nations, he possessed remarkable private virtues. His life taught the futility of vain regret; that human virtue is superior to human calamity.

He was the champion of reason rather than passion. He pleaded for silence and patience as the true antidote to excitement and passion. He knew that hate could thrive only on ignorance. If there was an attempt to besmirch his name, he covered it with a cloak of charity.

He exemplified in the highest degree the virtues of modesty and simplicity and was always sustained by the strength of his religious faith.

Notoriety and applause were not only distasteful but even painful to him.

In every relation of life, he set the example of a devoutly religious man. It has

been said that "he was as devout as Stonewall Jackson, with an added note of sweetness and light."

No man in all American history has had such a profound influence and control over the hearts and minds of man as did Lee during the harsh and trying years of reconstruction.

The illustrious historian, Dr. Freeman, in the last chapter of the last volume of his matchless "R. E. Lee," describes the tour Lee took through parts of the South in 1870 just before his passing. Throngs came out at every point causing him embarrassment over the profuse attention heaped upon him. At one of such stops, a tall, 13-year-old boy was seen to maneuver himself quietly through the crowds until at last he gained a place by the side of the great southern chieftain where he could look into his noble countenance. The name of that 13-year-old boy was Woodrow Wilson.

In conclusion, if there is one incident in the life of Robert E. Lee that should be selected to serve as a message to the young southerners and to succeeding generations whose parents stood in hushed awe with heads bowed at every hearthstone on that bleak day in October 1870, when his blameless life ebbed out, it was one that occurred on his last trip to northern Virginia, which he loved so dearly. So great was the admiration of the people for the southern leader that he was almost deified. A young mother handed her babe over to the arms of the great general and asked him to bless the child. He took the child before he realized the nature of the request, and then with some embarrassment, he returned it to the mother's arms with these words which come ringing down to us through the centuries past: "Teach him to deny himself. That is all."

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 26, 1961

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Revelation 19: 6-7: *The Lord God omnipotent reigneth; let us be glad and rejoice, and give honor to Him.*

O Thou whose divine sovereignty and authority we cannot doubt or deny and whose overtures and appeals of love we cannot silence, grant that we may seek Thy counsel and companionship as we strive to grapple victoriously with the hard facts and experiences of life.

May all the leaders and members of the various branches of our Government have that serene inner confidence and courage which will guide them through the bewildering confusion of our times and make them equal to every emergency.

Give them a clear perception of their responsibilities and inspire them with the devotion of our forefathers whose character and conduct enshrined our country's noblest ideals and traditions.

Help us to cultivate a lofty conception of the sanctity of Thy laws and cling with increasing tenacity of faith to the eternal truth that Thou reigneth and righteousness shall prevail whatever may be the posture and peril of the days in which we are living.

Hear us in Christ's name. Amen.

CVII—425

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

JOINT MEETING TO RECEIVE THE PRESIDENT OF TUNISIA ON THURSDAY, MAY 4

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Thursday, May 4, 1961, for the Speaker to declare a recess for the purpose of receiving in joint meeting the President of Tunisia.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE LATE VERY REVEREND ROBERT J. SLAVIN, O.P., S.T.D.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the death last Monday of the Very Reverend Robert J. Slavin, O.P., S.T.D., president of Providence College, Providence, R.I., takes from our midst a great priest, an outstanding leader in the field of education, and a dedicated American.

There are few persons anywhere in the world who more clearly understood the

evil mind of the Communist, or the dastardly intent of this destructive world conspiracy, than Father Slavin.

Father Slavin, or Father "Joe" as Mrs. McCormack and I fondly called him, was near and dear to us and considered by us as an immediate member of our family.

It was only last Wednesday, Thursday, and Friday while attending meetings in Washington of a committee discussing problems concerning pending legislation in the field of education, that he stayed with Mrs. McCormack and myself.

In 1926, Father Slavin entered the Order of Preachers, which is popularly known as the Dominican Order, and was ordained a priest in 1934.

A recognized authority on Thomistic philosophy—St. Thomas of Aquinas, the great philosopher of the Christian era—Father Slavin was professor of philosophy at Catholic University from 1936 to 1947.

In 1947 he was appointed as president of Providence College, which position he continuously occupied until his unexpected death last Monday.

A doctor of philosophy, master of sacred theology, Father Slavin was the recipient of many degrees and other honors. He was universally respected by persons of all creeds.

Father Slavin was truly a great priest, possessing an understanding mind, who broadened areas of agreement, and lessened, thereby, areas of tension and disagreement.

Father Slavin was an outstanding educator, and a man whose human friendliness and sympathy endeared him to millions. In his priestly service, Father Slavin was an entirely dedicated man. His magnificent intellectual attainments, his thorough academic training, his great physical energy, and the drive of his moral force, were all channeled to the service of the Catholic Church and of his religious order, the Order of Preachers—the Dominican.

The task to which Father Slavin was assigned, the administration of Providence College, was one for which he was eminently suited by his capacities and turn of mind, and it was a task in which he achieved great things. He has built up the college, doubling the number of students, doubling the size of the faculty, carrying through and expanding an ambitious building program inherited from his predecessor, and adopting far-reaching measures for the improvement of courses and educational methods in the college.

His knowledge and experience in the educational field has also been given generously and effectively to the Nation, through his participation in the work of such bodies as the American Council on Education, the Advisory Committee on New Educational Media of the U.S. Office of Education, and the Advisory Committee to the Surgeon General on medical education.

Father Slavin was the author of several important books, and the collaborator in the writing of other books, particularly on philosophy of education. He was one of the founders of the Thomist magazine, as well as the pioneer in perfecting theology courses on the undergraduate level.

Father Slavin was a member of a number of educational associations, such as the National Catholic Education Association, the American Association of Colleges and Universities, the National Catholic Philosophical Association, the Conference on Science, Philosophy, and Religion, serving on important committees of these associations.

The memory of this great priest, this outstanding leader in the field of education, this dedicated American, will always remain, in particular, in the minds and hearts of his brother priests of the Dominican Order, in the minds and hearts of the students of Providence College for all time, as well as in the minds and hearts of countless of thousands of his friends and admirers. His influence for good will be felt, and his memory blessed, for many years to come, and by many who never had the privilege of knowing him. I knew and loved the man, and it is with deep grief that I mourn his passing.

The sorrow of Mrs. McCormack and myself in the death of Father Slavin is second only, and very close second, to the grief and sorrow of the loved ones he has left behind.

To his dear father, his sisters, one of whom is a Sister (nun) of the Catholic Church, and his brother, Mrs. McCormack and I extend our deep sympathy in their great loss and sorrow.

CALL OF THE HOUSE

Mr. PELLY. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PATMAN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 43]

Ashley	Kearns	Powell
Baring	Kilburn	Riley
Blitch	Kluczynski	Roberts
Boykin	Knox	Rogers, Colo.
Bromwell	Laird	Shelley
Celler	Miller,	Smith, Miss.
Davis, Tenn.	George P.	Teague, Tex.
Hays	Miller, N.Y.	

The SPEAKER. On this rollcall 404 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AREA REDEVELOPMENT ACT

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 256)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Area Redevelopment Act'."

"DECLARATION OF PURPOSE

"SEC. 2. The Congress declares that the maintenance of the national economy at a high level is vital to the best interests of the United States, but that some of our communities are suffering substantial and persistent unemployment and underemployment; that such unemployment and underemployment cause hardship to many individuals and their families and detract from the national welfare by wasting vital human resources; that to overcome this problem the Federal Government, in cooperation with the States, should help areas of substantial and persistent unemployment and underemployment to take effective steps in planning and financing their economic re-

development; that Federal assistance to communities, industries, enterprises, and individuals in areas needing redevelopment should enable such areas to achieve lasting improvement and enhance the domestic prosperity by the establishment of stable and diversified local economies and improved local living conditions; and that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one area of the United States to another.

"AREA REDEVELOPMENT ADMINISTRATOR

"SEC. 3. There shall be appointed by the President, by and with the advice and consent of the Senate, an Area Redevelopment Administrator in the Department of Commerce who shall receive compensation at a rate equal to that received by Assistant Secretaries of Commerce. The Administrator shall perform such duties in the execution of this Act as the Secretary of Commerce (hereinafter referred to as the 'Secretary') may assign.

"ADVISORY POLICY BOARD

"SEC. 4. (a) To advise the Secretary in the performance of functions authorized by this Act, there is created an Area Redevelopment Advisory Policy Board (hereinafter referred to as the 'Board'), which shall consist of the following members, all ex officio: the Secretary as Chairman; the Secretaries of Agriculture; Health, Education, and Welfare; Interior; Labor; and Treasury; and the Administrators of the Housing and Home Finance Agency and the Small Business Administration. The Chairman may from time to time invite the participation of officials of other agencies of the executive branch interested in the functions herein authorized. Each member of the Board may designate an officer of his agency to act for him as a member of the Board with respect to any matter there considered.

"(b) The Secretary shall appoint a National Public Advisory Committee on Area Redevelopment which shall consist of twenty-five members and shall be composed of representatives of labor, management, agriculture, State and local governments, and the public in general. From the members appointed to such Committee the Secretary shall designate a Chairman. Such Committee, or any duly established subcommittee thereof, shall from time to time make recommendations to the Secretary relative to the carrying out of his duties under this Act. Such Committee shall hold not less than two meetings during each calendar year.

"(c) The Secretary is authorized from time to time to call together and confer with any persons, including representatives of labor, management, agriculture, and government, who can assist in meeting the problems of unemployment or underemployment in the several areas designated by the Secretary as redevelopment areas.

"REDEVELOPMENT AREAS

"SEC. 5. (a) The Secretary shall designate as 'redevelopment areas' those areas within the United States in which he determines, upon the basis of standards generally comparable with those set forth in paragraphs (1) and (2), that there has existed substantial and persistent unemployment for an extended period of time. There shall be included among the areas so designated any area—

"(1) where the Secretary of Labor finds that the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently 6 per centum or more and has averaged at least 6 per centum for the qualifying time periods specified in paragraph (2); and

"(2) where the Secretary of Labor finds that annual average rate of unemployment has been at least—

"(A) 50 per centum above the national average for three of the preceding four calendar years, or

"(B) 75 per centum above the national average for two of the preceding three calendar years, or

"(C) 100 per centum above the national average of one of the preceding two calendar years.

The Secretary of Labor shall find the facts and provide the data to be used by the Secretary in making the determinations required by this subsection.

"(b) The Secretary shall also designate as 'redevelopment areas' those areas (including Indian reservations) within the United States which do not meet the requirements set forth in subsection (a) but which he determines are among the highest in numbers and percentages of low-income families, and in which there exists a condition of substantial and persistent unemployment or underemployment. In making the designations under this subsection and before extending any financial assistance as the result of designations under this subsection, the Secretary shall, by regulation, prescribe detailed standards upon which the designations under this subsection shall be based. In the formulation of such standards the Secretary shall consider, among other relevant factors, the number of low-income farm families in the various rural areas of the United States, the proportion that such low-income families are of the total farm families of each of such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the extent to which 'rural development' projects have previously been located in any such area under programs administered by the Department of Agriculture, the current and prospective employment opportunities in each such area, the availability of manpower in each such area for supplemental employment, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the Federal Government or from the State or States in which such area is located or from any municipality therein. In making the designations under this subsection, the Secretary shall endeavor to distribute the projects widely among the several States, so far as is feasible and proper, in order that actual experience with this program may be had in as many States and in as many areas and under as many different circumstances as possible. In making these determinations the Secretary shall be guided, but not conclusively governed, by pertinent studies made, and information and data collected or compiled, by (1) departments, agencies, and instrumentalities of the Federal Government, (2) State and local governments, (3) universities and land-grant colleges, and (4) private organizations.

"(c) Upon the request of the Secretary, the Secretary of Labor, the Secretary of Agriculture, the Secretary of the Interior, and such other heads of agencies as may be appropriate are authorized to conduct such special studies, obtain such information, and compile and furnish to the Secretary such data as the Secretary may deem necessary or proper to enable him to make the determinations provided for in subsection (b) of this section. The Secretary shall reimburse when appropriate, out of any funds appropriated to carry out the purposes of this Act, the foregoing officers for any expenditures incurred by them under this section.

"(d) As used in this Act, the term 'redevelopment area' refers to any area within the United States which has been designated by the Secretary as a redevelopment area.

"LOANS AND PARTICIPATIONS

"SEC. 6. (a) The Secretary is authorized to purchase evidences of indebtedness and to make loans (which for purposes of this section shall include participations in loans) to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including, in cases of demonstrated need, machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings. Such financial assistance shall not be extended (1) for working capital, or (2) to assist establishments relocating from one area to another. The limitation set forth in clause (2) shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

"(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

"(1) The total amount of loans (including purchased evidences of indebtedness) outstanding at any one time under this section (A) with respect to projects in redevelopment areas designated under section 5(a) shall not exceed \$100,000,000 and (B) with respect to projects in redevelopment areas designated under section 5(b) shall not exceed \$100,000,000.

"(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located, and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

"(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is, or will be, located.

"(4) No such assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or other Federal agencies on reasonable terms.

"(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

"(6) No evidences of indebtedness shall be purchased and no loans shall be made unless it is determined that there is a reasonable assurance of repayment.

"(7) Subject to section 12(5) of this Act, no loan, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or

as a creditor in other proceedings attendant upon insolvency of the obligor.

"(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(a) of this Act, plus one-half of 1 per centum per annum to cover administrative expenses and to provide for losses on loans made and evidences of indebtedness purchased under this section.

"(9) Such assistance shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including, in cases of demonstrated need, machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

"(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

"(B) not less than 10 per centum of such aggregate cost be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by an Indian tribe or a community or area organization which is nongovernmental in character, as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance;

"(C) in extending financial assistance under this section with respect to a redevelopment area, the Secretary shall require that not less than 5 per centum of the aggregate cost of the project for which such assistance is extended shall be supplied by nongovernmental sources as equity capital or as a loan repayable only after the Federal financial assistance extended under this section has been repaid in full according to the terms thereof and, if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance; and

"(D) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraphs (B) and (C), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

"(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located.

"LOANS FOR PUBLIC FACILITIES

"SEC. 7. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make loans to assist in financing the purchase or development of

land for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

"(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

"(2) the funds requested for such project are not otherwise available on reasonable terms;

"(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

"(4) there is a reasonable expectation of repayment; and

"(5) such area has an approved economic development program as provided in section 6(b)(10) and the project for which financial assistance is sought is consistent with such program.

"(b) Subject to section 12(5), the maturity date of any such loan shall be not later than forty years after the date such loan is made. Any such loan shall bear interest at a rate equal to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in section 9(a) of this Act, plus one-quarter of 1 per centum per annum.

"(c) The total amount of loans outstanding at any one time under this section shall not exceed \$100,000,000.

"(d) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be reserved by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

"GRANTS FOR PUBLIC FACILITIES

"SEC. 8. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to make grants for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities, within a redevelopment area, if he finds that—

"(1) the project for which financial assistance is sought will tend to improve the opportunities, in the redevelopment area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities which will provide more than a temporary alleviation of unemployment or underemployment in such area;

"(2) the entity requesting the grant proposes to contribute to the cost of the project for which such grant is requested in proportion to its ability so to contribute;

"(3) the project for which a grant is requested will fulfill a pressing need of the area, or part thereof, in which it is, or will be, located, and there is little probability that such project can be undertaken without the assistance of a grant under this section; and

"(4) the area for which a project is to be undertaken has an approved economic development program as provided in section

6(b)(10) and such project is consistent with such program.

The amount of any grant under this section for any such project shall not exceed the difference between the funds which can be practicably obtained from other sources (including a loan under section 7 of this Act) for such project, and the amount which is necessary to insure the completion thereof.

"(b) The Secretary shall by regulation provide for the supervision of projects with respect to which grants are made under this section so as to insure that Federal funds are not wasted or dissipated.

"(c) No financial assistance shall be extended under this section with respect to any public facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State regulatory body, unless the State regulatory body determines that in the area to be served by the public facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

"(d) There is hereby authorized to be appropriated not to exceed \$75,000,000 for the purpose of making grants under this section.

"AREA REDEVELOPMENT FUND

"SEC. 9. (a) To obtain funds for the purpose of extending financial assistance under sections 6 and 7, the Secretary may, with the approval of the President, issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$300,000,000. Such notes or other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Any such notes or other obligations which are issued by the Secretary to raise funds for financial assistance under section 6 shall bear interest at a rate determined by the Secretary of the Treasury, but such rate shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations. Any such notes or other obligations which are issued by the Secretary to raise funds for financial assistance under section 7 shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Secretary and adjusted to the nearest one-eighth of 1 per centum. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued under this section and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act are extended to include any purchase of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated in every respect as public debt transactions of the United States.

"(b) Funds obtained by the Secretary under subsection (a) shall be deposited in an

area redevelopment fund (hereinafter referred to as the 'fund'), which is hereby established in the Treasury of the United States, and which shall be available to the Secretary for the purpose of extending financial assistance under sections 6 and 7 and for the payment of all obligations and expenditures arising therefrom. Receipts arising from the programs of assistance under sections 6 and 7 shall be credited to the fund. Any moneys in the fund determined by the Secretary to be in excess of current needs shall be paid into the Treasury as miscellaneous receipts.

"(c) The fund shall contribute to the civil service retirement and disability fund a sum as provided by section 4(a) of the Civil Service Retirement Act (5 U.S.C. 2254(a)), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to employees performing activities authorized under sections 6 and 7 of this Act and covered by that Act the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in such section 4(a). The fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the civil service retirement and disability fund attributable to employees performing activities authorized under sections 6 and 7 of this Act, as determined by the Civil Service Commission.

"(d) In the performance of and with respect to the functions, powers, and duties vested in him by sections 6 and 7 of this Act, the Secretary shall—

"(1) prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended; and

"(2) determine the character of and the necessity for obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations.

"INFORMATION

"SEC. 10. The Secretary shall aid redevelopment areas and other areas by furnishing to interested individuals, communities, industries, and enterprises within such areas any assistance, technical information, market research, or other forms of assistance, information, or advice which are obtainable from the various departments, agencies, and instrumentalities of the Federal Government and which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment within such areas. The Secretary shall furnish the procurement divisions of the various departments, agencies, and other instrumentalities of the Federal Government with a list containing the names and addresses of business firms which are located in redevelopment areas and which are desirous of obtaining Government contracts for the furnishing of supplies or services, and designating the supplies and services such firms are engaged in providing.

"TECHNICAL ASSISTANCE

"SEC. 11. In carrying out his duties under this Act the Secretary is authorized to provide technical assistance which would be useful in alleviating or preventing conditions of excessive unemployment or underemployment (1) to areas which he has designated as redevelopment areas under this Act, and (2) to other areas which he finds have substantial need for such assistance. Such assistance shall include studies evaluating the needs of, and developing potentialities for, economic growth of such areas. Such assistance may be provided by the

Secretary through members of his staff or through the employment of private individuals, partnerships, firms, corporations, or suitable institutions, under contracts entered into for such purposes. Appropriations are hereby authorized for the purposes of this section in an amount not to exceed \$4,500,000 annually.

"POWERS OF SECRETARY

"Sec. 12. In performing his duties under this Act, the Secretary is authorized to—

"(1) adopt, alter, and use a seal, which shall be judicially noticed;

"(2) hold such hearings, sit and act at such times and places, and take such testimony, as he may deem advisable;

"(3) request directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this Act; and each department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized to furnish such information, suggestions, estimates, and statistics directly to the Secretary;

"(4) under regulations prescribed by him, assign or sell at public or private sale, or otherwise dispose of for cash or credit, in his discretion and upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with loans made or evidences of indebtedness purchased under this Act, and collector compromise all obligations assigned to or held by him in connection with such loans or evidences of indebtedness until such time as such obligations may be referred to the Attorney General for suit or collection;

"(5) further extend the maturity of or renew any loan made or evidence of indebtedness purchased under this Act, beyond the periods stated in such loan or evidence of indebtedness or in this Act, for additional periods not to exceed ten years, if such extension or renewal will aid in the orderly liquidation of such loan or evidence of indebtedness;

"(6) deal with, complete, renovate, improve, modernize, insure, rent, or sell for cash or credit, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to, or otherwise acquired by, him in connection with loans made or evidences of indebtedness purchased under this Act;

"(7) pursue to final collection, by way of compromise or other administrative action, prior to reference to the Attorney General, all claims against third parties assigned to him in connection with loans made or evidences of indebtedness purchased under this Act. This shall include authority to obtain deficiency judgments or otherwise in the case of mortgages assigned to the Secretary. Section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), shall not apply to any contract of hazard insurance or to any purchase or contract for services or supplies on account of property obtained by the Secretary as a result of loans made or evidences of indebtedness purchased under this Act if the premium therefor or the amount thereof does not exceed \$1,000. The power to convey and to execute, in the name of the Secretary, deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real or personal property or any interest therein acquired by the Secretary pursuant to the provisions of this Act may be exercised by the Secretary or by any officer or agent appointed by him for that purpose without the execution of any express delegation of power or power of attorney;

"(8) acquire, in any lawful manner, any property (real, personal, or mixed, tangible or intangible), whenever deemed necessary or appropriate to the conduct of the activities authorized in sections 6 and 7 of this Act;

"(9) in addition to any powers, functions, privileges, and immunities otherwise vested in him, take any and all actions, including the procurement of the services of attorneys by contract, determined by him to be necessary or desirable in making, purchasing, servicing, compromising, modifying, liquidating, or otherwise administratively dealing with or realizing on loans made or evidences of indebtedness purchased under this Act;

"(10) to such an extent as he finds necessary to carry out the provisions of this Act, procure the temporary (not in excess of six months) service of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such service shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5); any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses;

"(11) sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or his property. Nothing herein shall be construed to except the activities under this Act from the application of sections 507(b) and 2679 of title 28, United States Code, and of section 367 of the Revised Statutes (5 U.S.C. 316); and

"(12) establish such rules, regulations, and procedures as he may deem appropriate in carrying out the provisions of this Act.

"TERMINATION OF ELIGIBILITY FOR FURTHER ASSISTANCE

"Sec. 13. Whenever the Secretary shall determine that employment conditions within any area previously designated by him as a redevelopment area have changed to such an extent that such area is no longer eligible for such designation under section 5 of this Act, no further assistance shall be granted under this Act with respect to such area and, for the purposes of this Act, such area shall not be considered a redevelopment area: *Provided*, That nothing contained herein shall (1) prevent any such area from again being designated a redevelopment area under section 5 of this Act if the Secretary determines it to be eligible under such section, or (2) affect the validity of any contracts or undertakings with respect to such area which were entered into pursuant to this Act prior to a determination by the Secretary that such area no longer qualifies as a redevelopment area. The Secretary shall keep the departments and agencies of the Federal Government, and interested State or local agencies, advised at all times of any changes made hereunder with respect to the designation of any area.

"URBAN RENEWAL

"Sec. 14. Title I of the Housing Act of 1949, as amended, is amended by adding at the end thereof the following new section:

"REDEVELOPMENT AREAS UNDER THE AREA REDEVELOPMENT ACT

"Sec. 113. (a) Whenever the Secretary of Commerce certifies to the Administrator (1) that any county, city, or other municipality

(in this section referred to as a "municipality") is situated in an area designated under section 5 of the Area Redevelopment Act as a redevelopment area, and (2) that there is a reasonable probability that with assistance provided under such Act and other undertakings the area will be able to achieve more than temporary improvement in its economy, the Administrator is authorized to provide financial assistance to a local public agency in any such municipality under this title and the provisions of this section.

"(b) Subject to the provisions of subsection (e) of this section, the Administrator may provide such financial assistance under this section without regard to the requirement or limitations of section 110(c) that the project area be predominantly residential in character or be redeveloped for predominantly residential uses under the urban renewal plan, and without regard to any of the limitations of that section on the undertaking of projects for predominantly nonresidential uses.

"(c) Notwithstanding any other provision of this title, a contract for financial assistance under this section may include provisions permitting the disposition of any land in the project area designated under the urban renewal plan for industrial or commercial uses to any public agency or nonprofit corporation for subsequent disposition as promptly as practicable by such public agency or corporation for the redevelopment of the land in accordance with the urban renewal plan: *Provided*, That any disposition of such land to such public agency or corporation under this section shall be made at its fair value for uses in accordance with the urban renewal plan: *And provided further*, That only the purchaser from or lessees of such public agency or corporation, and their assignees, shall be required to assume the obligations relating to the commencement of improvements imposed under section 105(b) hereof.

"(d) Following the execution of any contract for financial assistance under this section with respect to any project, the Administrator may exercise the authority vested in him under this section as well as other provisions of this title for the completion of such projects, notwithstanding any determination made after the execution of such contract that the area in which the project is located is no longer a redevelopment area under the Area Redevelopment Act.

"(e) Not more than 10 per centum of the funds authorized for capital grants under section 103 after the date of the enactment of the Area Redevelopment Act shall be used for the purpose of providing financial assistance under this section. Amounts used for such purpose shall not be taken into account for the purpose of the limitation contained in the second proviso of the fifth sentence of section 110(c).

"URBAN PLANNING GRANTS

"Sec. 15. (a) Paragraph (3) of section 701(a) of the Housing Act of 1954 is amended by inserting after 'counties which' the following: '(A) are situated in areas designated by the Secretary of Commerce under section 5(a) of the Area Redevelopment Act as redevelopment areas or (B)'.

"(b) Section 701(b) of such Act is amended by adding before the period at the end of the first sentence a colon and the following: '*Provided*, That a grant may be made under this section to a city, municipality, or county described in clause (A) of subsection (a)(3), or to a State planning agency (as provided in clause (C) of subsection (a)(1)) for the provision of planning assistance to such a city, municipality, or county, for not more than 75 per centum of such estimated cost'.

"OCCUPATIONAL TRAINING

"Sec. 16. (a) The Secretary of Labor is authorized, upon request and whenever he

determines such studies are needed, to undertake, or to provide assistance to others for, studies of the size, characteristics, skills, adaptability, occupational potentialities, and related aspects of the labor force of any redevelopment area.

"(b) When a redevelopment area has an approved economic development program as provided in section 6(b)(10), the Secretary of Labor, in consultation with the Secretary and the Secretary of Agriculture, shall determine the occupational training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals.

"(c) Whenever the Secretary of Labor finds that additional facilities or services are needed in the area to meet the occupational training or retraining needs of such individuals, he shall so advise the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare shall provide assistance, including financial assistance when necessary, to the appropriate State vocational educational agency in the provision of such additional facilities or services. If the Secretary of Health, Education, and Welfare finds that the State vocational educational agency is unable to provide the facilities and services needed, he may, after consultation with such agency, provide for the same by agreement or contract with public or private educational institutions.

"(d) The Secretary of Labor shall arrange to provide any necessary assistance for setting up apprenticeships, and to promote journeyman and other on-the-job training.

"(e) There are hereby authorized to be appropriated such sums, not in excess of \$4,500,000 annually, as may be necessary to carry out the provisions of this section.

"(f) In providing assistance under this section with respect to unemployed and underemployed individuals residing in redevelopment areas, the Secretary of Labor and the Secretary of Health, Education, and Welfare shall give consideration to the special needs of individuals who are agricultural workers or are engaged in other seasonal occupations and who require occupational training in order to qualify them to engage in supplementary employment during the off season and during other periods of reduced activity in the field of their regular or primary occupations.

"RETRAINING SUBSISTENCE PAYMENTS

"SEC. 17. (a) The Secretary of Labor in consultation with the Secretary and the Secretary of Agriculture may, on behalf of the United States, enter into agreements with States in which redevelopment areas are located, under which the Secretary of Labor shall make payments to such States either in advance or by way of reimbursement for the purpose of enabling such States, as agents of the United States, to make weekly retraining payments to unemployed or underemployed individuals residing within such redevelopment areas who are certified by the Secretary of Labor to be undergoing occupational training or retraining under section 16 of this Act. Such payments shall be made only for the period the

individual is receiving occupational training or retraining under section 16 of this Act, but not in any event to exceed sixteen weeks, and the amount of any such payment for any week shall be equal to the amount of the average weekly unemployment compensation payment (including allowances for dependents when appropriate) payable for a week of total unemployment in the State making such payments.

"(b) No weekly retraining payment shall be made to any person otherwise eligible who, with respect to the week for which such payment would be made, has received or is seeking unemployment compensation under title XV of the Social Security Act or any other Federal or any State unemployment compensation law, but if the appropriate State or Federal agency finally determines that a person denied benefits for any week because of this subsection was not entitled to unemployment compensation under title XV of the Social Security Act or such Federal or State law with respect to such week, this subsection shall not apply with respect to such week.

"(c) Any agreement under this section may contain provisions (including, so far as may be appropriate, provisions authorized or made applicable with respect to agreements concluded by the Secretary of Labor pursuant to title XV of the Social Security Act) as will promote effective administration, protect the United States against loss, and insure the proper application of payments made to the State under such agreement. Except as may be provided in such agreements, or in the rules and regulations prescribed pursuant to subsection (d) of this section, determinations by any duly designated officer or agency as to the eligibility of individuals for weekly retraining payments under this section shall be final and conclusive for any purposes and not subject to review by any court or any other officer.

"(d) The Secretary of Labor and the Secretary shall jointly prescribe such rules and regulations as they may deem necessary to carry out the provisions of this section.

"(e) There are hereby authorized to be appropriated such sums, not in excess of \$10,000,000 annually, as may be necessary to carry out the provisions of this section.

"PENALTIES

"SEC. 18. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 6, 7, or 8, or any extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(b) Whoever, being connected in any capacity with the Secretary, in the administration of this Act (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to him or pledged or otherwise entrusted to him, or (2) with intent to defraud the Secretary or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner, makes any false entry in any book, report, or statement of or to the Secretary, or without being duly authorized draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates or shares in or receives directly or indirectly any money, profit, property, or benefit through any

transaction, loan, grant, commission, contract, or any other act of the Secretary, or (4) gives any unauthorized information concerning any future action or plan of the Secretary which might affect the value of securities, or having such knowledge invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans, grants, or other assistance from the Secretary, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"EMPLOYMENT OF EXPEDITORS AND ADMINISTRATIVE EMPLOYEES

"SEC. 19. No financial assistance shall be extended by the Secretary under section 6, 7, or 8 to any business enterprise unless the owners, partners, or officers of such business enterprise (1) certify to the Secretary the names of any attorneys, agents, and other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Secretary for assistance of any sort, under this Act, and the fees paid or to be paid to any such person; and (2) execute an agreement binding such business enterprise, for a period of two years after such assistance is rendered by the Secretary to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee, occupying a position or engaging in activities which the Secretary shall have determined involve discretion with respect to the granting of assistance under this Act.

"RECORD OF APPLICATIONS

"SEC. 20. The Secretary shall maintain as a permanent part of the records of the Department of Commerce a list of applications approved for financial assistance under section 6, 7, or 8, which shall be kept available for public inspection during the regular business hours of the Department of Commerce. The following information shall be posted in such list as soon as each application is approved: (1) the name of the applicant and, in the case of corporate applications, the names of the officers and directors thereof, (2) the amount and duration of the loan or grant for which application is made, (3) the purposes for which the proceeds of the loan or grant are to be used, and (4) a general description of the security offered in the case of a loan.

"PREVAILING RATE OF WAGE AND FORTY-HOUR WEEK

"SEC. 21. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act and undertaken by public applicants shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and every such employee shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be. The Secretary shall not extend any financial assistance under section 6, 7, or 8 for such a project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

"ANNUAL REPORT

"SEC. 22. The Secretary shall make a comprehensive and detailed annual report to the Congress of his operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962. Such report shall be printed and shall be transmitted to the Congress not later than January 3 of the year following the fiscal year with respect to which such report is made. Such report shall show, among other things, (1) the number and size of Government contracts for the furnishing of supplies and services placed with business enterprises located in redevelopment areas, and (2) the amount and duration of employment resulting from such contracts. Upon the request of the Secretary, the various departments and agencies of the Government engaged in the procurement of supplies and services shall furnish to the Secretary such information as may be necessary for the purposes of this section.

"APPROPRIATION

"SEC. 23. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

"USE OF OTHER FACILITIES

"SEC. 24. (a) To the fullest extent practicable in carrying out the provisions of this Act the Secretary shall use the available services and facilities of other agencies and instrumentalities of the Federal Government, but only with their consent and on a reimbursable basis. The foregoing requirement shall be implemented by the Secretary in such a manner as to avoid the duplication of existing staffs and facilities in any agency or instrumentality of the Federal Government. The Secretary is authorized to delegate to the heads of other departments and agencies of the Federal Government any of the Secretary's functions, powers, and duties under this Act as he may deem appropriate, and to authorize the redelegation of such functions, powers, and duties by the heads of such departments and agencies.

"(b) Departments and agencies of the Federal Government shall exercise their powers, duties, and functions in such manner as will assist in carrying out the objectives of this Act. This Act shall be supplemental to any existing authority, and nothing herein shall be deemed to be restrictive of any existing powers, duties, and functions of any other department or agency of the Federal Government.

"(c) Funds authorized to be appropriated under this Act may be transferred, with the approval of the Director of the Bureau of the Budget, between departments and agencies of the Government, if such funds are used for the purposes for which they are specifically authorized and appropriated.

"(d) Subject to the standards and procedures prescribed by section 505 of the Classification Act of 1949, as amended, the head of any agency, for the performance of functions under this Act, including functions delegated pursuant to subsection (a), may place positions in grades 16, 17, and 18 of the General Schedule established by such Act, and such positions shall be in addition to the number of such positions authorized by section 505 of the Classification Act of 1949, as amended, to be placed in such grades: *Provided*, That not to exceed a total of five such positions may be placed in such grades under this subsection, to be apportioned among the agencies by the Secretary, with the approval of the Director of the Bureau of the Budget.

"RECORDS AND AUDIT

"SEC. 25. (a) Each recipient of assistance under section 6, 7, or 8 of this Act shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the

total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the costs of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under section 6, 7, or 8 of this Act.

"LOANS TO LOCAL DEVELOPMENT COMPANIES

"SEC. 26. Section 502 of the Small Business Investment Act of 1958 is amended by striking out paragraph (6).

"RESEARCH

"SEC. 27. To assist in the long-range accomplishment of the purposes of this Act, the Secretary, in cooperation with other agencies having similar functions, shall establish and conduct a continuing program of study and research designed to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the formulation and implementation of national, State, and local programs which will raise income levels and otherwise produce solutions of the problems resulting from these conditions. The Secretary shall include in his annual report under section 22 a detailed statement concerning the study and research conducted under this section together with his findings resulting therefrom and his recommendations for legislative and other action.

"APPLICATION OF ACT

"SEC. 28. As used in this Act, the terms 'State', 'States', and 'United States' include the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

"TERMINATION OF AUTHORITY

"SEC. 29. (a) This Act and all authority conferred thereunder shall terminate at the close of June 30, 1965.

"(b) Notwithstanding the foregoing, effective on July 1, 1965, those assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, and records of the Secretary under this Act which the Director of the Bureau of the Budget shall determine are necessary to the liquidation of the affairs and functions conducted under this Act, are transferred to the Secretary of the Treasury for purposes of liquidation.

"(c) The termination of this Act shall not affect the disbursement of funds under, or the carrying out of, any contract, commitment, or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act."

And the House agree to the same.

BRENT SPENCE,
WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
Managers on the Part of the House.

PAUL H. DOUGLAS,
JOSEPH S. CLARK,
WILLIAM PROXMIER,
HARRISON A. WILLIAMS,
EDMUND S. MUSKIE,
HOMER CAPEHART,
WALLACE F. BENNETT,
PRESCOTT BUSH,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of

the two Houses on the amendment of the House to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. The House amendment made 26 substantive changes in the Senate bill. In agreeing upon a substitute, the Senate conferees accepted 14 of these changes, while the House conferees receded on 8; compromises were reached in the other 4 cases. Except for clarifying, clerical, and technical changes, the differences between the House amendment and the substitute agreed to in conference are explained below.

"ANTIPIRATING" PROVISIONS

Both the Senate bill and the House amendment contained provisions in section 2 (statement of policy) and section 6 (authority for plant loans) barring assistance for industries relocating from one area to another. In section 2, the conference substitute provides that "under the provisions of this act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one area of the United States to another." This follows the language of the House amendment except that the word "jobs" is used after "transferring," as in the Senate bill, rather than "employment opportunities," as in the House amendment. The conference substitute provides that assistance under section 6 shall not be used "to assist establishments relocating from one area to another." This omits the phrase "totally or partially" which was included after "relocating" in the House amendment. But the conference substitute includes the following language, which is virtually identical with language included in the House committee report, in explanation of how the prohibition is to be interpreted:

"The limitation set forth in clause (2) shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations."

DESIGNATION OF RURAL AREAS

The conference substitute contains the following provisions, which were in the Senate bill but not in the House amendment, concerning designation of rural areas as redevelopment areas under the bill:

1. A requirement that detailed standards for designation of such areas must be prescribed before any financial assistance is extended as a result of such designations.

2. A provision that in making such designations consideration shall be given to the extent to which rural development projects have previously been located in such areas under programs of the Department of Agriculture.

3. A provision that in making such designations the Secretary shall endeavor to distribute projects widely among the several

States, so far as is feasible and proper, in order that actual experience with the program may be had in as many States and areas and under as many different circumstances as possible.

GEOGRAPHICAL BOUNDARIES OF REDEVELOPMENT AREAS

The Senate bill provided that areas designated as redevelopment areas for assistance under the new program could include "one or more States, one or more counties, or one or more municipalities, or a part of a county or municipality." This provision was eliminated by the House amendment. The conferees agreed to follow the House amendment in this respect.

It is the intent of the conferees for both Houses that in designating industrial areas as redevelopment areas for assistance under the new program, the Secretary should have broad discretion. The data on eligible areas supplied to the Congress by the Labor Department during the hearings were based on existing labor market areas and the Secretary should certainly take this information into account in determining geographical boundaries of redevelopment areas.

At the same time, the conferees recognize that standard labor market area boundary lines may not be appropriate to the purposes of this act because smaller areas may be more realistic. The bill, therefore, does not necessarily require that the labor market area boundary lines be followed. It is contemplated instead that the Secretary of Commerce may establish appropriate new boundaries for redevelopment areas under the bill.

It is not, however, the intention of the conferees to authorize designation of part of a municipality as a redevelopment area in any case, but with that exception it is recognized that designation of redevelopment areas will not necessarily follow political boundary lines.

LOANS FOR MACHINERY AND EQUIPMENT

Section 6 of the Senate bill authorized loans for machinery and equipment for plants "in cases of demonstrated need." The corresponding provision of the House amendment authorized such loans "in exceptional cases." The conference substitute retains the language of the Senate bill.

APPROVAL OF APPLICANTS BY STATE

Section 6(b)(2) of the Senate bill provided for approval of applicants for section 6 loans (plant loans) by the State or political subdivision concerned, through an agency directly concerned with problems of economic development in the State or political subdivision. The corresponding provision in the House amendment required approval by the State; it did not authorize loans to applicants on the basis of approval by a political subdivision. The conference substitute conforms to the Senate bill.

INVESTMENT BY INDIAN TRIBES IN SECTION 6 PROJECTS

The House amendment provided (in sec. 6(b)(9)(B)) that a Federal loan could be made under section 6 only if at least 10 percent of the cost were invested by the State or political subdivision, or by a nongovernmental community or area organization. The Senate bill contained the same requirement except that it added "Indian tribes" to the list of organizations which might make the required 10 percent investment. The conference substitute conforms to the Senate bill.

COMPETITION WITH PRIVATELY OWNED UTILITIES

The Senate bill prohibited assistance under section 7 or 8 for public facilities which would compete with existing privately owned public utilities, unless the State regulatory body found a need for such service which the existing public utility was unable to meet now "or through an expansion which it

agrees to undertake." The House amendment substituted "is prepared" for "agrees." The conference substitute retains the provision of the Senate bill.

PUBLIC FACILITY GRANTS

The Senate bill permitted grants under section 8 covering the entire difference between the cost of the project and the amount obtainable from other sources. The House amendment limited the grants under section 8 to 65 percent of the difference between the cost of the project and the amount obtainable from loans and other Federal grant programs. The conference substitute follows the language of the Senate bill.

FINANCING OF LOAN PROGRAMS

The House amendment authorized appropriations to provide funds for loans under sections 6 and 7 of the bill. The Senate bill authorized the Secretary of the Treasury to obtain such funds through public debt transactions under the Second Liberty Bond Act. The conference substitute follows the provisions of the Senate bill in this respect but adopts the House provisions with respect to (1) the establishment of one area redevelopment fund (rather than three revolving funds as in the Senate bill), and (2) the requirement that the fund contribute to the civil service retirement and disability fund with respect to employees performing activities under sections 6 and 7.

URBAN PLANNING GRANTS

Both the House and Senate versions of the bill contained identical language making it possible for urban planning grants to be made directly to areas designated under section 5(a) of the Area Redevelopment Act as redevelopment areas. It is our understanding that this provision is not intended to bypass State planning agencies. Rather it is our understanding that the intention is to provide an alternative route for extending this planning assistance where deemed necessary or advisable but that existing State agencies will continue to be consulted and utilized wherever practicable.

The Senate bill also authorizes urban planning grants of up to 75 percent of cost for such areas. This provision was not included in the House amendment which kept the 50-percent limit applicable to urban planning grants under existing law. The House recedes. Under the substitute agreed to in conference, 75-percent grants could be made for such areas either directly or through State planning agencies.

REPORTS TO CONGRESS

The conference substitute follows the language of the House amendment as to reports to the Congress, and does not include all of the specific provisions of the Senate bill with respect to matters to be included in such reports. The conferees on the part of both Houses intend, however, that such reports shall give full and complete information concerning the operation of the program, and shall include the following items in addition to those specified in the act: (1) The total number of unemployed persons in redevelopment areas; (2) the total principal amount of loans outstanding under the act, the aggregate expenditures incurred by the Government in providing grants and other forms of assistance under the act, and the administrative expenses incurred by the Government in providing assistance under the act; (3) the number of applications for assistance under the act which are pending and the total amount of assistance requested in such applications; (4) the number of industrial or commercial enterprises which have commenced or expanded operations in redevelopment areas as a result of assistance under the act, the total asset value of such enterprises, and a description of each such enterprise in terms of

whether it is an expanding enterprise already located in a redevelopment area, a wholly new enterprise, an enterprise which has moved from another area, or a branch of an existing enterprise located elsewhere; and (5) the total number of jobs directly created in each redevelopment area as a result of assistance extended under the act, and the Secretary's estimate of the increase in employment in each such area indirectly resulting from such assistance.

USE OF OTHER AGENCIES BY DEPARTMENT OF COMMERCE

The conference substitute follows the language of the House bill with respect to delegation of authority by the Secretary of Commerce to other Federal agencies. The Secretary of Commerce has testified before the committees of both the House and the Senate that he will delegate to the Department of Agriculture major responsibility for assistance to be rendered in rural redevelopment areas, as designated under section 5(b) of the act, and the Secretary of Agriculture has testified to his willingness to accept such responsibility. It is the understanding of the conferees that the Department of Agriculture has services and facilities available of requisite competence and experience for effectively carrying out such delegation. It is, therefore, the expectation of the conferees that this delegation to the Department of Agriculture will be made promptly upon enactment of the bill.

STUDY BY THE SECRETARY OF COMMERCE

The House amendment (sec. 27) directed the Secretary of Commerce, when the Department of Defense proposes to deactivate a permanent military installation or major unit thereof in an area where the employment rate is 6 percent or more, to make a study to determine the economic effects of such deactivation when requested to do so by the Governor of the State where the installation is located. It provided that the Secretary's findings would be transmitted to the Secretary of Defense and the Congress. The House recedes and the provision is omitted from the substitute agreed to in conference.

RESEARCH ON CAUSES OF UNEMPLOYMENT

The House amendment (sec. 28) directed the Secretary of Commerce to conduct a continuing program of study and research to assist in determining the causes of unemployment, underemployment, underdevelopment, and chronic depression in the various areas of the Nation and in the Nation as a whole, and to assist in developing programs to solve these problems. The Senate bill contained no corresponding provision. The substitute agreed to in conference retains this provision with two amendments. One amendment provides that the study shall be made in cooperation with other agencies having similar functions. The second amendment eliminates the phrase "and in the Nation as a whole."

TERMINATION OF PROGRAM

The conference substitute contains a provision that was in the Senate bill but not in the House amendment, terminating the program on June 30, 1965. It also provides for liquidation of the program after that date by the Secretary of the Treasury. The carrying out of contracts, commitments, and other obligations theretofore entered into under the program would not be affected by its termination.

BRENT SPENCE,
WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,

Managers on the Part of the House.

MR. SPENCE. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, 4 weeks ago today the House passed S. 1, the Area Redevelopment Act, by a vote of 251 to 167. The bill previously had passed the Senate by a vote of 63 to 27.

There is no question about the desperate conditions in the areas this legislation is designed to help. While there are some signs of an upturn in our economy, there has been no improvement in the unemployment figure, which now stands at 6.9 percent for the country as a whole, seasonally adjusted. Even a general upturn in the economy will not solve the problems of these hard-core areas, which have had heavy unemployment in good times and bad for years. They have been trying hard to work their way out of their difficulties, and they will keep working hard at it, but they must have some help from the Federal Government.

In the 85th Congress and the 86th Congress, legislation to provide this help was sent to the White House but was vetoed. Today this House has the opportunity to send to the White House a bill we know the President will sign. This help is long overdue, and I hope that the House will agree to this conference report today so that the Federal Government can begin to meet its responsibilities toward helping to restore strong and vigorous economies in these areas, without further delay.

MUST BE VOTED UP OR DOWN

The conference report has been adopted in the Senate and the conferees have been discharged. The question today is a question of voting up or down this conference report.

Amendments will not be in order, a motion to recommit to the conference committee will not be in order, because there is no conference. This is an opportunity to vote for this bill or against the bill only. I doubt, and I seriously doubt, and I have reasons to state that doubt, that if this conference report is not adopted here in the House we will not have any area redevelopment bill during this session of the Congress. In other words, this is it. We either vote for it or against it.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. HALLECK. In the first place, we should have acted first on this conference report, in which event we would have had the opportunity to offer a motion to recommit. However, the gentleman knows that if this conference report is voted down the chairman of the committee would have no other alternative except to ask for a further conference, with the appointment of new conferees, and get a bill. I do not think the gentleman should be inclined to scare people to death.

Mr. PATMAN. The gentleman is trying to scare folks, I am not. I am telling the truth, and I know what the situation is. If this conference report is defeated, the Senate can act or not act. I have reason to believe the Senate will not act. There is no way on earth for the House of Representatives to compel the Senate to act, and the minority leader knows that. We cannot force the Senate to act.

Mr. HALLECK. As I understood the gentleman's statement, it was to the effect that there would be no further effort to get a bill.

Mr. PATMAN. That is my opinion.

Mr. HALLECK. That is where I disagree with the gentleman. In other words, many Members are for a depressed areas bill, but they are against the backdoor spending that is provided. There is no reason in the world why it cannot be amended, and it can be amended if the conference report is voted down.

Mr. PATMAN. I know the gentleman would like to get off the difficult spot he is on. His side is in the position of being against unemployed and against the depressed areas bill. I would like to get him out of that position. I do not blame him. There is only one way to do it, and that is to vote for this conference report, because if you vote against it, I am giving you warning now, there will be no depressed areas bill this session. This is the only opportunity. If you are against it, vote against it.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from North Carolina.

Mr. COOLEY. I notice on page 23 of the report this language:

The Secretary of Commerce has testified before the committees of both the House and the Senate that he will delegate to the Department of Agriculture major responsibility for assistance to be rendered in rural redevelopment areas, as designated under section 5(b) of the act, and the Secretary of Agriculture has testified to his willingness to accept such responsibility.

Is it perfectly clear that the Secretary of Commerce will delegate all phases of this bill to the Secretary of Agriculture which affects rural areas?

Mr. PATMAN. The very next sentence would have answered the gentleman's question. It is right here in the report:

It is, therefore, the expectation of the conferees that this delegation to the Department of Agriculture will be made promptly upon enactment of the bill.

Mr. COOLEY. That means all phases of the bill?

Mr. PATMAN. Yes.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. McDONOUGH. I appreciate the gentleman's desire to explain the conference report.

Mr. PATMAN. Just for a question.

Mr. McDONOUGH. The question is, Was not the gentleman one of the most adamant Members on the Democratic side against back-door spending until

within the last 24 hours of the conference?

Mr. PATMAN. I was representing this House as a conferee, and I was standing up for the House bill against the Senate bill. But two things happened, one thing right here on the floor of the House. While I was standing up with the Senate conferees this House, in a way that could be considered by unanimous consent, passed a bill that just pulled the rug out from under us as conferees. There we were standing up against the adamant Senate expecting to have the House provision on financing adopted, and this House right here where we are now passed another bill.

Mr. McDONOUGH. What bill?

Mr. PATMAN. The veterans housing bill that provided for 2½ times as much money, I believe by unanimous consent, carrying the Senate provision on financing. So what could we do?

Now, here is where I say it was by unanimous consent. A motion was made to recommit, to strike out the method of financing. Any Member of the House could have asked for a division. Not one asked for a division. Any Member of the House could have demanded a rollcall because there was not a quorum present. No Member did. The minority leader was sitting right there at the time. He did not ask for a division. He did not ask for a rollcall. Therefore, that bill passed unanimously. There we were standing up with the Senate objecting to their method of financing and the House adopting a bill at that very time that carried 2½ times as much by unanimous consent.

Mr. LOSER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Tennessee.

Mr. LOSER. I recall the other day when this bill was originally considered in the House that the distinguished gentleman from Texas [Mr. PATMAN] made the statement that 10 times as many counties or governmental agencies would qualify for benefits under this bill as would receive it by reason of the small sum authorized in the bill. Now, my question is this: There has been a complete revision of the formula set out in the House bill.

Mr. PATMAN. Just ask a question, please, sir, because my time is very much limited.

Mr. LOSER. I am asking if there has not been a complete revision of the formula under which the State governmental agencies could qualify for aid under the bill.

Mr. PATMAN. I do not agree.

Mr. LOSER. Is not the language entirely different in the conference report?

Mr. PATMAN. It remains substantially the same. And, I will state to the gentleman that I do not believe I said 10 times as much. I do not believe I used any figure, and I doubt that it would have been inaccurate if I did, but I do know that there is not nearly as much money as will be needed. And most of these projects could properly be designated as pilot projects. But, at least, a start will be made to help distressed areas and help the unemployed. You have that chance.

TWENTY-SIX DIFFERENCES RESOLVED

This conference report is a compromise, worked out after 4 weeks of hard negotiations, informally as well as in formal conference between the managers on the part of the House and Senate. Of the 26 issues in conference, the managers on the part of the Senate yielded on 14; the managers on the part of the House yielded on 8; and compromises were reached on the remaining 4. The so-called antipirating provisions were compromised in a way that strengthened them considerably over the original Senate bill, because the strong antipirating language of the House committee report was written right into the bill in conference. The Senate conferees yielded and accepted the Scranton amendment, which puts the section 6 plant loan program on a businesslike basis by making certain that the required 10 percent State or local investment, and the required 5 percent private investment, are subordinate to the Federal loan. The Senate also agreed to the House provisions extending the Small Business Administration's authority to make loans to local development corporations, which is now due to expire June 30. We also succeeded in persuading the Senate conferees to accept without any modification the provisions of the House bill concerning public facility loans, the House provisions on occupational training, and the strong provisions of the House bill requiring that the Secretary of Commerce utilize other existing agencies to the fullest extent practicable so as to avoid the duplication of existing staffs and facilities.

FINANCING PROVISION MAJOR DIFFERENCE

As in all compromises, we had to give in on some things to reach an agreement. For 4 weeks we tried to find some means of persuading the Senate conferees to accept the financing provisions of the House bill. We fought hard to convince the Senate conferees of the soundness of the House provision. But you should realize that the Senate conferees were convinced that if they accepted the House provision requiring that these funds be obtained by appropriations it would kill the program. When we argued that they were endangering passage of the bill by insisting on public debt transaction financing, we actually discovered that there was a strong feeling among the Senate conferees that it would be better not to have a bill than to accept the House provision. Still, we fought on, until the President indicated that in order to break the deadlock he felt we should recede. We then agreed to do so, in order that some agreement could be reached.

HOUSE YIELDED ON FINANCING

While I tried hard to keep the appropriations provisions of the House bill, I am now prepared to accept the Treasury financing provisions agreed to in conference. There are respectable and impressive arguments against this type of financing, but I think we should keep the argument in perspective. While there have been repeated charges that this type of financing somehow violates

the Constitution, I have never seen one single opinion of a court of law cited in support of this charge. My own reading of the opinions of the Supreme Court and legal commentators on this point convinces me this is perfectly consistent with the Constitution, and of course it has been used for over 30 years in programs involving billions of dollars, without ever having been ruled unconstitutional by the courts. The epithet "back-door spending" has been applied so frequently to this type of financing that the impression has been created that it has been used to squander public funds surreptitiously under programs that could not stand the light of day. Let me remind the House that this type of financing has a distinguished history, both in terms of social objectives it has helped to achieve and in terms of dollars earned for the Treasury in the process. The Home Owners Loan Corporation refinanced mortgages on more than a million homes with this type of financing. It paid into the Treasury, on liquidation, net earnings of \$14 million, after repaying all Treasury investments and meeting all costs.

TYPE OF FINANCING NOT UNUSUAL

The Veterans' Administration's direct home-loan program uses this type of financing, and, of course, the House approved legislation continuing this program less than 2 weeks ago. Through 1960, \$1.5 billion had been loaned under this program, which has shown a profit of \$74 million to the taxpayers, as the House was told 2 weeks ago by the gentleman from Texas [Mr. TEAGUE] and the gentleman from Indiana [Mr. ADAIR]. Other typical examples of earnings under programs financed with public debt receipts are \$367 million for the Federal National Mortgage Association, \$613 million for the Export-Import Bank, and \$485 million for the International Bank for Reconstruction and Development.

NO GIVEAWAY PROGRAM

This bill is not a giveaway program. This type of financing would be used only for loans, which will be repaid to the Treasury with interest, in the same way the other programs I have referred to have operated. It worked well in those programs, showing a direct profit to the taxpayers as well as tremendous indirect profits by strengthening our economy. It will do the same thing here.

TERMINATION DATE 4 YEARS

One of the eight provisions the House conferees yielded on was a provision of the Senate bill terminating the program on June 30, 1965. We agreed to this simply to make sure that no one can charge that the public debt financing provisions prevent congressional review of the program. Even without this termination date, there will, of course, be an annual review when appropriations are requested for administrative expenses and grants under the bill. But this termination date assures the Congress of the opportunity for a complete review of the entire program within a reasonable period of time. It provides a 4-year period in which the program must prove itself or come to an end.

I urge you to accept this compromise bill. It is desperately needed, and I am convinced it is the best bill we can get under the circumstances. We should send this bill to the White House so that this program can get underway without further delay.

NEEDED: A NEW LOOK AT AMERICAN BANKING

Mr. Speaker, America's banks can play a central part in reinvigorating depressed areas. But to do this job requires banks intimately familiar with local conditions and with local people. Chain banks with branches in small towns are not able to supply this personal touch. Hence, our concern with depressed areas cannot be separated from what has been happening to America's banking system. I submit, therefore, it is appropriate that we take a new look at America's banking system, and analyze whether it is carrying out its obligation to serve communities throughout America.

The American Constitution grants to the Federal Government the right to create and determine the value of money. Although this right resides in the Federal Government, it has seen fit to delegate this right largely to commercial banking interests. When the Federal Government delegates one of its constitutional prerogatives to private persons, such persons have a fearful and sacred duty to use this power in the public interest. Has the American banking community discharged this obligation to the public?

The entire banking system has been transformed drastically in recent years, and the events of recent months warn of further upheavals surpassing anything experienced previously. I submit that we have ignored the developments in this industry for too long.

Developments in monetary affairs touch upon every part of America's economic life. Money is the bloodstream and banks are the heart of every economic system. Because banking is such a vital organ in our economic system, many well-meaning persons have urged that only delicate surgery be performed upon it. But there is such a thing as being too delicate, of being too cautious, of fearing to do anything which might cause some pain. When the very life of the patient is at stake, however, we must risk more extensive surgery. And experience with the banking system leaves no doubt in my mind but that it is sufficiently hardy, although somewhat obese, to withstand even the most radical surgery. Although today I am not proposing extensive surgery, I do feel that we can wait no longer to make an examination to determine whether such surgery is necessary. The banking community's performance has not been satisfactory for some time, and I am not sanguine about the prospects of improvement.

I should like to review a few of these developments with you today.

DECLINING BANKING SERVICES

In 1921 there were 31,076 banks. Since then the American population increased from 109 to 180 million. Since then the gross national product increased from \$74 to \$503 billion. Since

then the money supply has increased from \$21 to \$144 billion. But in spite of the tremendous growth of the American economy over the past 40 years, the number of banks decreased by over one-half to just 13,999 in 1960.

This centralization of banking facilities has resulted in the demise of hundreds of local banks in many communities throughout America. As a result many local communities are completely without banks, and even more often local banks have been acquired and turned into branches of vast banking institutions or units of immense holding companies.

When a community loses control of its local bank, the entire community is the loser. Control over the community's money shifts from main street to some impersonal banker in a faraway city. Local merchants must deal with hirlings and clerks rather than deal face to face with the owner. The human element which is the heart and soul of small business dealings is replaced with the impersonal accounting of debits and credits. This development is one of the leading causes for the deterioration of American community life; it is one factor which is transforming the population of main street in many communities from proud local merchants and bankers to clerks and employees of chainstores and chainbanks.

CONCENTRATION MEANS CONTROL OF MONEY

The increasing concentration in American banking gives bankers more and more control over the money market. In a market economy, variation of interest rates can play a powerful role in ending recessions. As a recession sets in, interest rates fall, thereby encouraging borrowing for business expansion. But the vast concentration of banking power has largely negated the responsiveness of interest rates to changing economic conditions. Interest rates still go up with booms but come down very little during recessions.

This is an open secret. All but the most naive are aware of the tremendous power bankers possess over interest rates. For example, *Business Week* magazine in a story entitled "Big Mergers and Good Profits" reported:

There's no doubt that the good earnings of the banks in 1960 are largely due to the slowness of bankers to reduce their lending rates. Not until late August, months after open-market interest rates had dropped, did they cut their prime lending rate.

Joint Resolution 375, calling for a moratorium on bank mergers, which I introduced on April 17, and which has been referred to the House Banking and Currency Committee, is directed at preventing further irreversible deterioration in community life and further increase in banking concentration. Such a moratorium will give us time to take a new look at American banking before it is too late.

BANK MERGERS ON RISE

Bank mergers have taken an awful toll over the past 40 years. Since 1921 nearly 10,000 banks have been consolidated, merged, or acquired. The merger tempo has been high for many years. But it accelerated after 1950. In every

year since 1952 there have been over 100 bank mergers, and for the past 8 years there has been an average of about 170 bank mergers annually. And the situation seems to be accelerating further. Immense consolidations have been consummated and more are in the works. *Business Week* reported as follows on February 4, 1961:

The first proposal for a suburban acquisition by a New York bank came in September, when Bankers Trust Co.—sixth in deposits in the city and eighth in the Nation—announced plans to join with County Trust Co., the largest in Westchester County, in a holding company.

Since September, merger proposals have come thick and fast:

Manufacturers Trust and Hanover Bank said they planned to merge. This would not affect the suburbs, since both banks operate entirely within the city except for overseas offices, but it will have a big effect on bank competition in the New York money market, since it would unite a major retail bank (Manufacturers) with one of the few remaining wholesale banks (Hanover).

Morgan Guaranty Trust Co., already the largest wholesale bank in the United States, announced plans to set up a holding company to span New York State from end to end. This would probably create the Nation's largest bank holding company, with assets of over \$6 billion. Currently the No. 1 holding company is Firstamerica Corp., whose latest statement showed assets of \$4.9 billion. Morgan Guaranty plans to join with Manufacturers & Traders Trust Co., in Buffalo, Lincoln Rochester Trust Co., National Commercial Bank & Trust Co. of Albany, First Trust & Deposit Co. in Syracuse, Oneida National Bank & Trust of Central New York, and First-City National Bank of Binghamton. All six upstate banks are active in retailing.

THE TREND SPREADS

The New York banks weren't the only ones that became merger minded during 1960:

In Chicago, Continental Illinois National Bank & Trust Co.—No. 2 in the city behind First National Bank—announced a merger with City National Bank & Trust Co. of Chicago. Had the deal gone through on December 31, it would have added \$392 million to Continental Illinois' \$2.5 billion in deposits and would have pushed it ahead of First National. Final approval would mean that City National and its employees would have to move en masse into Continental's giant headquarters in the Loop, since Illinois prohibits all forms of branch banking.

In Philadelphia, in another move that would upset traditional leadership, Philadelphia National Bank is bidding to combine with Girard Trust Corn Exchange Bank. The merger would give Philadelphia National about \$2 billion in assets, clearly the biggest in its area and topping First Pennsylvania Banking & Trust Co. by a wide margin. In addition, the branch system of the projected Philadelphia Girard National Bank & Trust Co. would blanket the Philadelphia metropolitan area.

In Boston, State Street Bank & Trust Co. plans to absorb Rockland-Atlas National Bank, in a move that would supplant National Shawmut Bank as the second largest in Massachusetts. The merged bank would have \$530 million in deposits, compared to National Shawmut's \$452 million. However, First National Bank of Boston would remain far out in front.

ANTI-MERGER POLICY FRUSTRATED

Congress has expressed frequently its concern over the trend and results of bank mergers. It has given authority to rule on the desirability of particular mergers to various agencies. The Com-

troller of the Currency has jurisdiction over national banks. The Federal Reserve has jurisdiction over State-chartered banks of the Federal Reserve System and bank holding companies. The Federal Deposit Insurance Corporation has jurisdiction over insured State-chartered banks. Although the Justice Department is required to give an opinion to the responsible agency on whether a merger would have an adverse effect on competition, these agencies need not be bound by Justice's opinion. For example, last week the Federal Reserve Board, reportedly by a three to two decision, approved a proposed merger between the State Street Bank & Trust Co. and Rockland-Atlas National Bank, both of Boston, despite an adverse opinion on the competitive factor from the Justice Department.

I understand that recently Treasury Secretary Dillon made an agreement with the Justice Department that the Comptroller of the Currency would withhold final approval of mergers within his jurisdiction if the Justice Department objects. It is also reported that the Justice Department has been seeking similar agreements with the Federal Reserve Board and the Federal Deposit Insurance Corporation.

I am not sure how the Federal Reserve Board goes about assessing what is in the public interest. But clearly the effect of a merger on banking competition is not a very critical factor in its analysis. This is unfortunate. And those interested in preserving a competitive economy must seriously question the value system embraced by the Federal Reserve Board.

Either we are for a competitive economy or we simply give lip service to one. We have been drifting far too long in our policy toward American banking. The hour already is late and we must act before the final hour is struck. This calls for drastic action now.

It is for these reasons that I have offered for the serious consideration of Congress, House Joint Resolution 375, a joint resolution calling for a moratorium on bank consolidations, mergers, and acquisitions.

Mr. Speaker, in the area redevelopment bill conference report there is a provision about urban planning grants as follows:

URBAN PLANNING GRANTS

Both the House and Senate versions of the bill contained identical language making it possible for urban planning grants to be made directly to areas designated under section 5(a) of the Area Redevelopment Act as redevelopment areas. It is our understanding that this provision is not intended to bypass State planning agencies. Rather it is our understanding that the intention is to provide an alternative route for extending this planning assistance where deemed necessary or advisable but that existing State agencies will continue to be consulted and utilized wherever practicable.

The Senate bill also authorizes urban planning grants of up to 75 percent of cost for such areas. This provision was not included in the House amendment which kept the 50-percent limit applicable to urban planning grants under existing law. The House recedes. Under the substitute agreed to in conference, 75-percent grants could be

made for such areas either directly or through State planning agencies.

SMALL TOWNS ARE URBAN

President Kennedy's proposal—which I favor—for creation of a Cabinet-level Department of Urban Affairs and Housing to help prevent the appalling deterioration of many of our urban areas should remind all of us that this appalling deterioration is just as much of a spreading cancer in Small Town, U.S.A.

While we are considering legislation to aid depressed areas, let us also look into some of the causes of depressed areas. One main cause of the blight—particularly in our smaller urban areas—is the concentration of economic wealth in our larger metropolitan areas at the expense and to the economic distress of smaller communities.

However, this withering blight has affected communities of all sizes and action must be taken to remedy a curse that is sapping the strength of our economy.

Let me say again that I endorse the President's recommendation with the understanding that the small town would receive equal recognition, equal representation, and equal treatment with her bigger-sister cities in charting a constructive course for the Nation's economy. I am confident President Kennedy will concur in this.

The small town with its locally owned independent industries and stores, its owner-occupied dwellings and tree-lined avenues has been, and should remain, the backbone of our Nation.

WALL STREET RUNS MAIN STREET

But now—as I have stressed before—Main Street is being run by Wall Street. We can no longer think of Main Street as a place of hometown merchants—a community of locally owned, independent shops, banks, and service establishments. It is true that the stores are still there, but the store front is a false front as far as local ownership is concerned. The Main Streets of the Nation's crossroads communities are largely owned and operated by a few nationwide corporations. It is almost tantamount to authorizing outsiders to erect tollgates at the city limits sign to extort local resources for uses in far distant environs. It is centralized control by absentee directors. Through little expense to themselves these absentee directors control a community's destiny and drain its financial resources away from the locality and into the big cities. This tends to make us a nation of salaried clerks and shop attendants for the financial benefit of absentee financial autocrats who have no interest in the locality's community life, its homes, schools, churches. Financial Autocrats, Inc., cares not whether or if Small Town, U.S.A., has sufficient revenues for its educational, religious, and recreational facilities. The absentee-owner is not interested in parks and playgrounds, in streets and sidewalks, and the scores of services a modern community is obligated to provide for a healthy and wholesome community life.

IMPAIRS ENTIRE ECONOMY

We must keep up our fight for small business and our free enterprise system. We must not fail because failure will hurt not only small business but our country. In the interest of the public, we must reverse the present trend toward concentration and control of business by a few giants. Unless we reverse the trend toward concentration, it means that community life will be destroyed. Unless we do something—not just to stem the trend, but to turn the tide—we will not only lose control of affairs in our communities, but invite the suicidal prospect of having the country's entire economy taken over by a totalitarian or socialistic type of centralized power. We know that there is but a short step from centralized control of business by a few giant corporations to socialism. Our best insurance against socialism or any form of totalitarianism is in the strength and vigor of many small and independent business institutions of all kinds scattered throughout our land.

I have called attention to the plight of the small, independent businessman on many occasions. Two years ago, to cite a specific case, I referred to columns written by Sylvia Porter about the historic city of Louisville. Here, in part, is what she said:

If you work for a manufacturing firm in Louisville today, the odds are better than 6 to 4 that you are an employee of a plant owned by outsiders—controlled by interests far removed from your hometown.

More than 60 percent of the manufacturing jobs in your proud, 187-year-old Kentucky city are in absentee-owned corporations. Decisions of crucial importance to you, your family, your entire community are not made by Louisville residents; often they're made by tycoons, efficiency experts, or financiers who only rarely visit your city.

If you work for a big retail store in Louisville, the odds are a towering 8 or 9 to 1 that you are working for a branch, a coast-to-coast chain.

REALITY IS HERE

Of Louisville's seven biggest stores, only one is homeowned and that one is No. 5 in size. Your store manager may appear in charge but it's most improbable that the key policies are set by him. Rather, the likelihood is they're fixed at headquarters elsewhere.

In Louisville, absentee ownership of industrial plants, stores, major service organizations is no longer a threat arising from the great merger trend of this decade.

Here, the trend—which I first reported from Rochester, N.Y., a month ago—has become a startling reality. And the implications go far beyond the obvious—the inclination of imported managers to disregard local charities, to give only minimum support to city groups.

In Louisville, absentee control is striking at the very industrial and financial heart of the city itself. Here is a tale which cities the Nation over will ignore at their own peril.

STRICTER CONTROLS NEEDED

Is this digression a condemnation of big business per se? Not at all. Big business brought us mass production which, in turn, brought our Nation dynamic strength and economic growth.

But I am convinced that decisive action must be taken to protect the smaller

businessman and his community against unfeeling greed. Perhaps James C. Worthy, a vice president of Sears, Roebuck & Co., expressed it better in his book, "Big Business and Free Men." He said:

We can preserve democracy as we can preserve free economic institutions, only by holding them in continuous danger of being destroyed from within—not by their enemies but by their friends, their own citizens who have freedom to act but who must be depended upon to act with judgment and restraint and with proper consideration for the general welfare as well as their own.

It is my contention that too often our industrial emperors fail to act with the judgment and restraint with proper consideration for the general welfare. We cannot condemn them for doing everything the law allows, and that is all they are doing. But should not we change the laws for the good of the general welfare?

Prior to the President's recommendation of a Department of Urban Affairs and Housing, I had given considerable thought to proposing a Department of Small Business on a Cabinet level. While I favor the President's proposal, I do believe that—if the President's recommendation becomes reality—strenuous efforts must be made to guarantee that Small Town, U.S.A., will receive the same recognition and consideration as the major metropolitan areas.

I think we have reason to fear that such a department will have a strong tendency to give preferential consideration to large cities at the expense of the smaller communities, unless provisions for serving the smaller communities are spelled out. And this, any administrative official in the same situation could do easily without intent. The larger cities have well-paid professional staffs—lawyers, engineers, city planners—who are alert to every service or aid made available by the Federal Government. They would be the first to rap on the door of a new department for help. The smaller cities, not so well staffed, would be slower to learn the ropes and take advantage of any assistance or guidance offered. The larger cities also are in close touch with Government departments and agencies and their staff personnel are frequent visitors to the Nation's Capital. This is exactly what happened when the 1949 Housing Act was passed. The big cities were Johnny-on-the-spot for grants, loans and planning advances. The smaller cities came along later and got what was left, and some years that was nothing.

SMALL BUSINESS DIVISION

If it is the sense of Congress to establish a Department of Urban Affairs and Housing, I urgently recommend creating a separate Division for Smaller Community Development within the Department.

My fears that big-city influence would dominate a Department of Urban Affairs and Housing prompt me to continue pounding away for coequal status for the smaller communities. With the metropolitan areas already draining the re-

sources of our smaller cities, how incomprehensibly unjust it would be for the Government of the United States to take tax revenues from smaller communities to benefit those who happen to work and live in large cities. To prevent this discrimination, equal treatment protection must be provided for smaller communities—perhaps headed by an assistant secretary—if this Department is established.

What are some of the things a Division for Smaller Community Development could do for these areas? What are the needs to be met? Here are a few:

This Division would investigate and study problems relating to highways, public services, water resources, schools, financing, recreation, law enforcement, and with special emphasis on business, industrial development, and housing. It would seek to improve Federal, State, and smaller town cooperative efforts, and serve in an advisory capacity to small communities on programs calling for Federal participation or Federal assistance.

This Division also should involve itself with municipal securities of smaller communities. There is no genuine, adequate, dependable, competitive market for these municipal securities which makes it necessary for these smaller communities to be protected. There is a premium on securities for the larger cities.

These problems, although not of great and major importance to larger cities, are an enigma to smaller communities. Many larger cities have practically no need for the services and assistance needed so desperately by the smaller communities.

Mr. Speaker, I submit that a Division to help small communities could spearhead their revival to a vigorous community and business life.

In past years bills have been introduced in both bodies of Congress to establish independent commissions on problems of small towns. One was introduced in the House early this year by the Honorable THOMAS F. JOHNSON, of Maryland, and has been referred to the House Committee on Government Operations. Introduction of legislation of this nature shows that the problems of small towns are recognized. We must not ignore them. The problem before us as Members of Congress is to determine what constructive action to take to correct them, and to act effectively to help those who live in communities housing the major portion of the Nation's population.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Speaker, we will debate today, in the short time at our disposal, not the enactment of a depressed areas bill or distressed areas bill but the method of financing of that bill. And, this is important to remember. Remember that the House conferees abandoned the former administration position of financing through the appropriation process.

When we can finance \$45 billion of national security a year through the reg-

ular appropriation process there just is no excuse for abandoning a basic principle of fiscal responsibility and placing the financing of this new depressed area program on a back-door Treasury financing basis.

This is a new program. In a large sense it is an experimental program. It contemplates weak loans. It is a program that will grow into the billions. Its termination date is a tranquilizer for the Members of the Congress. If ever an activity of the Federal Government should be placed under the regular appropriation process, this is it. That is a decision we must make today.

By design and not coincidental, the House is required to make this decision the hard way. To defeat this back-door spending approach it is necessary to vote down this conference report. But it is important to note that it will not kill the legislation.

If and when that is done, a request is in order to appoint new conferees, and those new conferees can be instructed to insist on the House provisions that the program be financed through the regular appropriations process. So a clear-cut test can then be made solely on the question of back-door spending.

If this conference report is voted down, it is unthinkable that a request would not be made promptly for appointment of new conferees. The situation is that we have a Senate-passed bill and a House-passed amendment thereto. Actually those actions remain alive for the remaining days of this Congress with the differences to be resolved through the conference process. It can be done at any time, but I repeat it would be unthinkable that a request for a new conference would not be made promptly.

When we went to conference, frankly I was shocked, and I believe the Democratic conferees from the House were more shocked, when the administration abruptly did a flip-flop and about-face on the financing provision of this bill.

On February 20 of this year, shortly after the administration had sent to the Congress its proposed new distressed areas bill, H.R. 4569, I issued a statement in which I called attention to the fact that the new administration had provided for expenditures under the regular appropriation process in sharp contrast to the back-door financing provided in S. 1, the original Douglas bill. I ended that statement, in which I made other comments about changes in the bill, including placing administration in the Department of Commerce, by saying, "There is more care than scare in this proposal." Now the care is gone.

I again want to repeat that I am shocked and I am sure the Democratic conferees are shocked by the unexpected and abrupt about-face of the administration on the question of responsible financing. Why has the administration suddenly determined that it cannot trust the members of the Appropriations Committee of the House of Representatives? Why is the administration seeking to bypass and circumvent the Congress,

eliminating the responsible method of legislation for our country? I fear the connotations of this development with a trend toward government by appointees and not by elected representatives.

The proposed program is acknowledged by all to be only a pittance toward solving unemployment problems. If this method of financing is permitted and the door is opened for unlimited spending without check and balance, Congress and the country can rue the day this action was permitted. I again repeat what I have said before, that to vote down this conference report at this time will not prevent enactment in this session of a responsible depressed areas bill. Conferees may rapidly be appointed and the House position demonstrated as with respect to financing the program.

In case there are any lingering doubts about this threat to fiscal responsibility, Members of this body and the Appropriations Committee should carefully note the power squeeze play that is being applied. The Senate acted first on this bill. The House amended the bill and the Senate asked for a conference. Normally the papers would go to the House and the House would act first on the conference report. If that were done, a motion would be in order to recommit the conference report with instructions that the House conferees insist that the appropriation provision of the House amendment be retained. That would give a clear-cut test on the issue without jeopardizing enactment of the bill. But, as of now, the regular conference procedure is not to be followed. The Senate has retained the papers, the Senate will act first on the conference report and presumably adopt it, and the Senate conferees will be discharged. Then the conference report will come to the House on a take-or-leave-it basis. The conference report must be voted up or down.

That is a rough, power squeeze play challenge to the authority of the Appropriations Committee and to this House on the question of fiscal responsibility. No longer is it just a question of the House approving or disapproving a depressed areas bill. Bigger principles are now involved. I hope the House will meet this challenge head on and for what it is. If procedure is to be followed which makes it necessary for the House to vote down the conference report to preserve fiscal responsibility, that, in my opinion, is what the House should do.

The Wall Street Journal of April 26, 1961, contains the following article I commend to your attention:

BACKDOOR SPENDING—DEPRESSED AREA PROGRAM TO JOIN LONG LIST FINANCED DIRECT FROM U.S. TREASURY

(By John A. Grimes)

WASHINGTON.—A familiar fiscal drama is scheduled for performance in the House of Representatives today, enhanced by the debut of a new star—the Kennedy administration.

The attraction is billed as a vote on a proposal to provide \$451 million in Federal grants and loans to aid areas of chronically high unemployment. But the substance of

the plot will deal, not so much with the advisability of initiating the new program, but how to finance it. As fashioned by a Senate-House conference committee, the proposed legislation calls for direct withdrawals from the Treasury rather than requiring the program to rely on annual spending grants from appropriations committees dominated by economic conservatives.

This direct withdrawal device, dubbed "backdoor spending" by its foes, is not new; far from it. The financing scheme has expanded from a special arrangement to propel the late, and largely unlamented, Reconstruction Finance Corporation into making business loans during the great depression until it now supports more than two dozen Federal programs ranging from home loans to ship mortgages to farm price support loans. More than \$100 billion of taxpayers' money has been dispensed without resort to the appropriations process; authority to dole out another \$25 billion already is on the books.

READY AND WILLING

Despite this long run, today's performance takes on some of the excitement of a first night. For the Kennedy administration is ready and willing to find out whether it will be able to make even more extensive use of the controversial spending approach. Already the President has asked Congress to permit him to bankroll a \$7.3 billion 5-year program of foreign development loans by tapping the Treasury directly. And, though the administration didn't plan to make the depressed areas bill a key test of Congressional attitude, the die has been cast. A defeat today would bode ill not only for the development loan program but also for future attempts to travel directly from the White House to the Treasury building next door. A victory, though it would not assure the success of the controversial development loan and other programs, would surely aid the effort. Says one observer: "The Kennedy administration would like to make as much use of back-door spending as it thinks it can." The former Eisenhower administration, in contrast, at least tried to prevent the expansion of back-door spending practices.

Esoteric as it may seem, the issue can have an important impact on taxpayers' pocketbooks. For example: Last session Congress trimmed some \$221 million from the Eisenhower administration's regular appropriations request; at the same time, however, the lawmakers approved a combined increase of nearly \$1 billion above the administration's requests for programs financed by direct withdrawals from the Treasury.

The back-door approach to the Treasury takes various forms. Sometimes it's called authority to spend from public debt receipts. Other times, it may be labeled "contract authority." Or, it may be a revolving fund, or permission to spend foreign currencies owned by the United States. Whatever the name, the result is the same—direct withdrawals from the Treasury without annual appropriations from Congress.

In theory, a new agency or program has to get double approval from Congress. The first comes in the authorizing legislation; this sets up the framework and the limits of the program, and is handled by a regular legislative committee. Then, the administration must run the proposal through the Appropriations Committee for funds. Each year, also in theory, the agency of the program must return to Congress for reexamination and new money.

THE CALMER LOOK

Because authorizations for new programs may be shoved through Congress quickly under crisis conditions, a second and calmer look by a supposedly disinterested committee is essential, backdoor spending foes contend. They also maintain that the legislative committees that handle the authorizing

legislation over the years have become special pleaders for particular interest; the Agriculture Committee, the argument runs, is inclined to spend all it can for the farmers; the Banking Committee pushes measures to spread Federal funds throughout the housing industry; and the Veterans' Committee seeks to tap the Treasury for the benefit of the veterans. Authority over money bills was taken from the legislative committees in 1920 and given to the appropriations committees just to avoid this, House economy advocates assert.

Probably the most widely used of the backdoor spending devices is the authority to spend from public debt receipts. Simply, this allows a Federal agency to write an IOU and give it to the Treasury in return for the needed money; the Treasury, in turn, is authorized to borrow the money publicly to replace that lent to the agency.

The technique is used mostly to finance Government lending programs: The Commodity Credit Corporation's price support program, Export-Import Bank lending, Veterans' Administration direct home loans, and others. Back when the RFC was set up, it was argued that Government loans eventually would be repaid so there was no need to complicate the budget process by requiring lending agencies to come to Congress each year for funds. But now that Uncle Sam is firmly in the lending business, it is apparent that some loans will never be paid off. No one, for example, really expects the CCC to recover the money it has sunk into surplus crops.

But perhaps the sharpest setback for the traditional appropriations process came in 1949 in a ruling on the House floor that direct Treasury borrowing was not an appropriation of Treasury money, and thus did not have to be routed through the appropriations committees. Since then, backdoor spending opponents have been trying without success to close the door.

Early this year, a resolution to ban any backdoor spending proposals was voted down by the newly enlarged and liberalized House Rules Committee.

Whatever the outcome of the impending drama, the performance can be expected to be reenacted again and again. For, as far as backdoor spending is concerned, the Kennedy administration seems committed to the motto: "The show must go on."

I personally will change my own position in opposition to the administration bill if the appropriation process is secured and voted in and insisted upon in the final bill, as I can only support a responsible approach. I now urge a vote against the conference report.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, if this House does not believe in this irregular back-door method of extracting money from the Treasury then this conference report presents to you the acid test, because there is no reason in the world why this particular bill should seek that approach except the obvious purpose of getting money out of the Treasury without going through the regular process and in the easy way.

I was shocked when the gentleman from Texas [Mr. PATMAN] said that there would be no depressed areas bill this year if this conference report was voted down. I think every Member here experienced in parliamentary procedure knows just exactly what would happen if this conference report is voted down.

The chairman of the Committee on Banking and Currency would immedi-

ately move to appoint new conferees. That would be done. It would go to conference. The information would be conveyed to the other body that this House insisted upon the usual method of appropriation and stood by its record vote here of a few weeks ago in which we did adopt the regular method of appropriation as it has been recommended by the administration.

In this case there is no possible excuse. I have talked on this subject a number of times. Every time such a bill comes up it is stated that this is a project that has already gone into effect and has been running for years—"If you don't do this, it is going to mess things all up and injure the operation of the program." This does not do so. This is a brandnew program. We are starting out on spending some \$300 or \$400 million, the potentialities and the cost of which no man living can predict. If this bill goes into full force and effect it is going to be a stupendous expenditure.

Yesterday many of us voted for a bill because we thought we were voting for a project, a bill that had not been justified, a bill we did not know what the money was going to be spent for. Here today we have practically the same thing. I heard all the details of this bill up in the Rules Committee when it was under consideration. I asked them if they could point out to me any project in this bill that was not already in operation by some other department of the Government, and I could not get any answer.

Let us not be deceived by this. If you vote down this conference report, all you are doing is saying, "We believe that in this new and stupendous project we are launching here we want the money gotten through the regular processes of appropriation where it can be examined, where we can know what this money is going to be spent for, instead of this big mess of words we have here."

Nobody knows exactly what is going to be done with it. There is no excuse in this bill for using this method because it is a brandnew program and does not interfere with anything that is in existence.

Mr. BROWN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Ohio.

Mr. BROWN. Is not the real and the only issue before us now whether or not we are going to endorse and approve backdoor spending?

Mr. SMITH of Virginia. That is the only issue.

Mr. BROWN. That is the thing against which over 200 Members of this House have signed petitions.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Texas.

Mr. PATMAN. We were told that even if we could have a change in the method of financing, the gentleman from Virginia [Mr. SMITH] and the gentleman from Ohio [Mr. BROWN] would not vote for it, anyway.

Mr. SMITH of Virginia. Of course, I would not vote for it. I think it is the craziest thing you ever started. If you carry it out as you want to carry it

through you will break this country. But that is not the question before us. The question before us now is whether you are going to adopt the back-door procedure on new projects, which this is, and there is no earthly excuse for it. If you establish this precedent you might just as well abolish the Appropriations Committee and spend it all through the back door.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Speaker, I must differ with the distinguished gentleman from Texas. He said in opening the debate that he did not want to scare anybody.

Now, on the other hand, I am here to scare everybody. And may I say to you, my friends, that the Members of the House and the people of the Nation had better be scared.

The Speaker of the House said the other day in a formal address that this country, in his estimation, is in the greatest danger it had ever been in all its history. And, as usual, he is right. We are today in greater danger, and we are today less prepared to meet that danger than ever before. We suddenly find ourselves today in exactly the same situation in which Chamberlain found himself when he had to hurry over to Munich to meet Hitler and found that England's armament was not ready to meet the armament of the Central Powers.

We are not prepared to fight. We are not ready for war. We do not have the weapons.

And most important of all, we do not have the money.

Financially we are less ready for war than ever before in our history. Solvency is the most important equipment for war and we are not only insolvent but Congress has been obligating the Nation at such a rapid rate and on such a ridiculous plan that no one down at the Treasury or anywhere else can tell us how much we are obligated for.

I ask any of these gentlemen who are jamming this bill through the House to give us the total amount the U.S. Government is obligated to pay. Nobody knows. There is no way for anybody to know. We have been shoveling money out through the back door at such a rate there is no way to estimate it.

Does anybody here deny that statement? What a way to run a business—any business—from a peanut stand to a national bank. And yet that is the way we are running the greatest government on earth. Could it be that we do not want to know—that we do not want the people to find out?

But Russia will let them know. Russia has been teaching us some bitter lessons these last few months. And the bitterest lesson of all is still ahead of us. Stalin said long ago that they would let us spend ourselves into bankruptcy and then we would fall like a ripe apple into their lap. Under this backdoor spending—which no one can estimate—the apple is getting riper every day. If you will look at this spending you will find some of it is getting rotten. There is

some of it they do not dare to come up here and attempt to justify before the Committee on Appropriations. So they are sneaking it out the back door. They do not have to justify it there. There is nobody to check it out and nobody to check what becomes of it.

And mind you it is not defense money they are spending. It is nondefense money that is throwing us into the red. We have proved that time and again in the CONGRESSIONAL RECORD. It is non-defense expenditures. It is money like this bill—taxpayers money for a few favored spots in the country—that is running up our national debt—and running down our ability to defend ourselves.

But let us get back to the war. I know these gentlemen do not like to talk about the war. But it is high time somebody thought about the war. Russia is closing in. She has taken over world sentiment. She has destroyed the Monroe Doctrine, an integral part of world law for a century, and she is thumbing her nose at us on our own doorstep.

When we finally have to go to war where will we get the money? We owe more than we will ever pay. The only thing left is to start the printing presses. And how long will that last?

Already we know we will have to fight by ourselves. The only friend we have left on earth will be our pocketbook. And we will be friendless, indeed.

Mr. Speaker, the people are getting tired paying war taxes in time of peace and then seeing their money thrown away on foolishness like this. We are levying today even the nuisance taxes we levied in time of war. And with these war taxes we have taken in the largest revenues these last years ever collected by any nation.

But the more we take in the more we spend. Interest alone on our indebtedness is greater than the entire budget a few years ago. And what have we got for it? Even if Russia was not waiting to take us over, this thing cannot go on forever. It will explode like an inflated balloon.

Mr. Speaker, let us talk a little commonsense here. Let us act like businessmen and quit spending money we do not have for things we can get along without. Let us close the back door. Let us lower taxes and give the people a chance to catch their breath.

Let us vote down this conference report with this silly back-door shenanigan put in by the Senate.

It is financial duplicity. It is fiscal insanity.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Speaker, the vote of the House today on the question of accepting or rejecting the conference report on the distressed area bill involves only one issue. That issue has to do with the method of financing the program.

As the Members of this House know, the President of the United States asked for a program to be financed by the normal appropriation process. That is the way this House passed the bill.

The other body saw fit to provide for financing the program by use of the so-called back-door method; in other words, funds would be obtained from the Secretary of the Treasury in exchange for evidences of indebtedness, thereby circumventing normal appropriations and budgetary control procedures.

As I say, the issue is clear. We can, as the House has often done in the past, allow the other body to force upon the House a system of financing which, to put it mildly, bypasses the traditional major instrument of congressional control of the purse strings of Government, or we can reject the action of the other body and retain an important safeguard of economy.

Mr. Speaker, a review of major legislative bills during past years shows that the traditional prerogative of the House to initiate appropriations has been ignored by the other body. Secondly, the House has vacillated when it came to insisting on the provision for annual scrutiny and review of committees having jurisdiction over appropriations. As a result, the Congress has abrogated much of its independence of judgment and responsibility to the executive branch. We have been headed toward one-man rule.

In urging Members to reject this conference report on the sole issue of its continuing the public debt transaction financing, I call attention to the position of Congress' own chief financial officer on authorizing borrowing from the Treasury. Joseph Campbell, Comptroller General of the United States, in 1958 wrote a letter to the chairman of the Senate Committee on Banking and Currency, at the committee's request, and stated as follows:

We believe that the financing of loan programs through public debt transactions, by combining program authority with funding tends to perpetuate programs that might not otherwise stand the test of continuing congressional scrutiny.

The General Accounting Office for many years has said that funds to finance Government activities should be made available to the corporations and agencies responsible for administering the programs through the normal appropriation processes, rather than through authorizations to finance through public debt transactions.

Mr. Speaker, recently I addressed a letter to the President of the United States with regard to this matter of back-door spending and in response received a letter from David Bell, Director of the Bureau of the Budget. Mr. Bell stated that the Bureau of the Budget believes Congress as well as the executive branch should exercise close authority over the provision and expenditure of Government funds. He stated it favored a periodic review of emergency spending programs, such as is achieved through our normal appropriation process. He stated it supports the Congress' desire to develop and improve financing arrangements and only made the reservation that any change in financing arrangements should be within the framework which would not disrupt existing basic programs.

Of course, this is not an existing program and insisting on the appropriation process would in no manner disrupt it. I urge Members to vote down the conference report and thereby take a position for greater responsibility and control by Congress over expenditures. We must have overall responsibility so that the need and urgency can be weighed against revenue and economic conditions. Too, we must have annual review of programs in order to see that programs can meet the test of continued congressional scrutiny.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. RAINS].

Mr. RAINS. Mr. Speaker, the question before the House is a very simple one. Are we for or against those suffering from unemployment? If we are for them we must back it up by being willing to take some action to relieve their plight and cure the basic causes of chronic unemployment. It is heartless to say: "Of course I would like to help the unemployed but I am not willing to do anything about it."

Mr. Speaker, with one exception, all the Members who have spoken in opposition to this conference report, voted against it on the rollcall the other day and therefore voted to kill the bill.

Many times over the years past I have taken the well of the House to voice the opposite viewpoint of some of my esteemed friends with reference to Treasury spending. I would like to call the attention of a great many of the Members on the other side of the aisle that during the last 8 years they have voted literally billions of dollars for back-door financing through the Export-Import Bank and various international organizations for people all over the world.

The amount of direct Treasury financing in S. 1 is relatively small when compared with some of the earlier requests on this basis. Just 2 years ago the Republican Administration requested and obtained \$4.5 billion for the International Bank and the International Monetary Fund. That was \$4.5 billion authorized by the backdoor route of the Treasury, if you will, and it was requested and supported by some of those who are now most vocal in their opposition to using this method of financing to meet a pressing domestic problem. Apparently this method is all right to assist foreign countries but cannot be used to help our own people.

Then I pose the question, If you can give it to somebody in Timbuktu, with Treasury financing, why can you not give it to somebody who has been out of a job somewhere here in America?

You would assume from some of the speeches heard here today that somebody actually goes up to the back door of the Treasury and slips the money out of the Treasury and runs off with it. I make the suggestion that other committees of the Congress are just as sane and just as sensible as the Committee on Appropriations, and I have a high regard for every one of the members of that committee.

In this instance the Treasury financing is going to be used for loans repay-

able to the Treasury of the United States. The money that is not repayable to the Treasury of the United States under this conference report, in the amount of \$75 million for public facility grants, is in the hands of the Appropriations Committee.

Some of my good friends forget that we financed the Commodity Credit Corporation through back-door spending. They forget that we financed TVA through back-door spending. I think some of us fail to remember that the Export-Import Bank that we hope is going to do a good job to help bring about the settlement of a lot of our problems with the rest of the world was financed through so-called back-door spending. I would like for the people of the cities to remember that we financed the greater portion of urban renewal by back-door spending; I would like for the people of the small towns to remember that we have and will continue to finance community facilities such as the construction of sewer systems and other projects throughout this country in this way.

The point I make is this: The issue before the Congress today is the same as it was when we passed the bill before—whether or not we want to do anything to aid the distressed areas of America. We have passed two bills in previous Congresses and they have been vetoed. This Congress passed the bill by an overwhelming vote. But today a scarecrow is being brought in as if this is something new, dangerous, and will bankrupt America. This is a common method that we have used before, since long before I came to the Congress, in the financing of programs of this kind. It is done by responsible legislative committees of Congress.

The need for this assistance is immediate and pressing. In fact, this bill should have become law long before now. No good purpose would be served by holding up the program while it went back over the appropriations hurdle.

Mr. Speaker, I fail to see the point of the cry of alarm which are voiced against the direct Treasury method of financing. This in no way relaxes congressional control of the purse strings. And let me say, I defend this control as staunchly as anyone here, but I do not think the question is relevant. Every single Member of the House had full opportunity to offer amendments on the provisions of the bill when it was considered before and every Member had the opportunity to vote on it.

The Congress set the dollar limitations on the program in this bill after careful study and extensive hearings of the Banking and Currency Committee and in consultation with administration officials. These are the amounts recommended by the administration and it is generally agreed by those who support the program that this is the amount necessary to get the program underway.

Certainly the \$394 million is a minimum amount. In view of the size and vital importance of the problem we could not conscientiously do with less. There is no possibility that the Department of Commerce can take this money and go off on a long-term major pro-

gram without having to come back to the Congress at some point for additional funds. In fact, the conference report carries a 4-year cutoff date on the program. This is a provision from the Senate bill and means that the program will die in 4 years unless the Congress, after reviewing it, finds that the money is being well spent and the program is doing the job.

Mr. Speaker, I regret that I felt it necessary to talk so long on this feature of the bill. As I said earlier, I feel that debate on this point is no longer relevant. The Senate has now approved the conference report with this feature in it, and the only choice we have today is to vote the bill up or down. I am confident that the House will approve this measure today. The reasons for doing so are extremely pressing. They involve the plight of millions of people, the unemployed, and the families in areas of chronic economic distress. I simply cannot imagine any of my colleagues voting against this bill and then going home to his constituents and telling them he really wanted to do something for them but he got involved in a side issue on how to finance the program.

Therefore I say to you, Mr. Speaker, this is not a fight on back-door spending. This is a fight on the administration's distressed area bill. This is the position of the administration, which I take, and which this conference report takes. Any vote to the contrary is a vote in opposition to the wishes of the administration.

I hope this conference report will be adopted, as it should be.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Speaker, we have on this occasion a unique opportunity to come to grips with this problem and the basic issue of back-door spending. Over the years there has developed this technique of making money available for programs after the authorization legislation has been approved; the money to be made available without further control or consideration by the Congress.

Mr. Speaker, these programs have grown up and have been continued, and never in the past have we ever been able to change the course that was started in the first instance. But today we have a new program which the proponents seek to embark on by financing by a back-door spending program. If we want to change the method of financing, this is the time to do it.

So, our opportunity today is unique. It is a single issue which will be decided by this vote this afternoon. At the same time, we have a last chance to meet this issue head on because if this conference report is approved, never again will we have a chance to change the method of financing. If we approve this conference report, no committee of the House of Representatives will ever, on an annual basis, truly analyze or scrutinize the expenditure programs under this basic legislation; never again.

I do not contend, I will say to my good friend from Alabama, that the members of the House Committee on Appropriations are any saner or any more respon-

sible than the members of any other committee of the House of Representatives. I do say, however, that the procedures of the House Committee on Appropriations require that we have annual analyses and scrutiny of the many requests for the future, and at the same time we conduct a yearly review of the expenditures of the past. If you want that kind of sound and sensible approach to the fiscal operations of this \$300 million program, I respectfully suggest that we vote down the conference report. Then we can approve the kind of financing provisions which were included in the bill at the time this body acted affirmatively.

I say as emphatically as I can that we must meet this issue head on. It is a unique opportunity for us. And, secondly, if we do not win on this issue today, forever, as far as this program is concerned, we have capitulated to the exclusive control and jurisdiction of financing by the executive branch of the Government.

I think we have seen in my time, and certainly before, the erosion of congressional control over expenditures by the utilization of the back-door method of financing, and if we do not erect the barriers, if we do not put a roadblock on this kind of process and procedure right here today, the responsibility of the Congress over the expenditures, the withdrawals from the Treasury, will be less and less. Consequently I urge that on this issue and this issue alone, today, we disapprove this conference report.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Speaker, I urge that this conference report be accepted. The House conferees were successful in almost every phase of the conference except the manner of financing. Let us look at this phase of the report. If you will examine this conference report you will find that this establishes a program that is to begin on the 30th day of June 1961, and terminate June 30, 1965, a definite term that was not included in the House version of the bill. After that date the program is to be liquidated by the Secretary of the Treasury. The amount of money to be expended in that period of time is definitely established in the bill. The agency will be required to report to Congress annually and such reports shall give full and complete information concerning the operation of the program; and if any member of the Committee on Appropriations or any Member of Congress does not like what is in the report, he can bring the matter to the floor of the House or have a congressional committee investigate the entire program. This is the Congress of the United States which is superior to any committee of either the House or Senate telling the executive branch of the Government that they are to go to the Treasury and get their money and the manner in which they will do it, and it is not only limited in the period of time but in the amount of money it can spend.

Mr. Speaker, if this conference report is voted down what you are saying is that

this agency will have to come back after this program is approved, to the Appropriations Committee of the House, and then the Finance Committee of the Senate four times during the next 4 years. Then, if the Committee on Appropriations and the Finance Committee like the program they will get their money. Otherwise they will not. If you believe in a program that will help the distressed areas of this country, if you believe we have a duty to help the citizens of our country who live in these depressed areas, I urge you to vote for this conference report.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I think perhaps I ought to bring into this situation an experience that I had myself in my own district with reference to back-door spending. We had two large groups of houses built in one place and two very large apartment houses in another. They went sour and the Government had to take them on their back-door guarantee. The Government lost several millions of dollars. That is the kind of thing you get into when you have that kind of approach.

We cannot afford in this country to give up to the Executive the power of the purse that is in the Congress. If we do that and do not know what we are doing when we make our appropriations, we are going to be in trouble. We are in trouble now because we have such an enormous debt. We are in trouble because we have been too careless in the way we have operated and provided for the protection of our interests.

The only way we can do it is to stop providing a back-door entrance to the Treasury. Every time we do that we get in deeper and deeper. Last year alone there were back-door appropriations of \$5.7 billion; and actually I think there was a great deal more.

We have had enormous losses on these backdoor operations. The Commodity Credit Corporation is an example. That has been the way they were financed. Whether they would have been any better if it had been done any other way I do not know. But I should like to see us try to do the job in such a way that we could protect the Treasury.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Indiana.

Mr. HALLECK. I want to make this brief comment. I have listened to this debate. It is very clear to me that those who insist on the Appropriations Committee process are right in this argument, and I am going to vote against this conference report.

I also want to make it very clear in the light of some of the things that were said here that if this conference report is voted down the chairman of the committee can immediately move for appointment of new conferees and a bill can be forthcoming from the new conferees after conference with the other body that will provide for this program. I defy anyone to challenge the correctness of my statement in that regard.

Mr. TABER. The gentleman has stated the situation exactly correctly.

Mr. HALLECK. As a matter of fact, all we are doing in asking Members to vote against this conference report is, first of all, to maintain the position that was taken by the House Committee on Banking and Currency and by the House itself, which provided for the Appropriations Committee process, and also we will be standing by the original recommendation of the administration.

Mr. TABER. That is the only way the Congress is going to be able to keep the country's finances right side up.

Mr. GARY. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Virginia.

Mr. GARY. May I ask the gentleman this question: Is it not true that the regular appropriations processes and the Appropriations Committee are trusted with our defense appropriations, upon which the national defense of this country rests?

Mr. TABER. That is exactly correct, and that runs into right around \$40 billion a year.

Mr. GARY. If that is true, is there any reason why they cannot be trusted in a case of this kind?

Mr. TABER. There is not.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Speaker, after this period of debate it is becoming clear that we are down to one basic issue, that is, of removing the smoke-screen some people are trying to put over this debate. I am opposed to depressed areas legislation. I do not approve of the bill. However, all that we are trying to do is make the best of a bad situation. There is no attempt in connection with this conference report today to defeat the legislation. The legislation will be passed. The back-door financing is the only issue.

I have been a Member of Congress long enough to appreciate the complaint that some of the veteran Members have of the irresponsible attitude the bureaucrats and the agencies have toward the Congress. I have heard complaints of congressional committees having difficulty in getting information from certain agencies, the reason being that we no longer have control of the purse strings.

I would like to make it perfectly clear that should we defeat the conference report there will be a depressed areas bill. This is obvious. All we are trying to do is support the position of the chairman of the Appropriations Committee and support the position and the philosophy of good, veteran Members of Congress, in retaining through congressional appropriations procedures the necessary congressional balancing of the executive department powers.

I would also like to point out to the gentlemen on my right that certainly the support of the Appropriations Committee is in accordance with good, sound Jeffersonian Democratic philosophy. I

should think that Thomas Jefferson, the founder of the Democratic Party, would be proud this afternoon if the men who bear his party's label will support the appropriation process, reject backdoor financing, and support responsible action in connection with spending the funds requested in this bill. The charges made by the gentleman from Alabama are inaccurate distortions and do not contribute to proper understanding of the issue before us, basically traditional congressional control of the Nation's purse strings.

Mr. SPENCE. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. McDONOUGH].

Mr. McDONOUGH. Mr. Speaker, I think the point has been made very clear that this is definitely, first of all, an experiment. We have never passed this kind of legislation heretofore. As an experiment, we are not certain how it is going to be administered. For that reason, it should not be given the blank check privilege of back-door spending. As a member of the conference, we sat for 3 days and on every occasion the conferees on the other side of the aisle adamantly maintained their position, that the House had voted an appropriation bill and that they were going to stand on the appropriation policy. Toward the end of the last day, the policy was suddenly changed and the Democrat conferees capitulated, as I was informed, at the request from the administration. The administration bill that passed the House was for appropriations. So the administration was originally for appropriations—then at the last minute, in order to convince the Democrat conferees that they were on the wrong side, according to the administration's change of policy, they asked them to change. The gentleman from Alabama, my colleague on the conference committee [Mr. RAINS], was present and voted for the passing of this bill. Now he argues against this kind of policy. We are at present in hearings on the new housing bill. We are going to be called upon to vote for \$7 billion of back-door spending, if that bill comes to the floor in its present condition. The gentleman from Alabama who is the ranking member of the subcommittee on housing has advocated funds for housing for the elderly for a number of years, and we have supported him. But, it has always been on appropriations and not by the back-door spending. I want to make one or two points clear. First of all, the defeat of the conference report does not defeat the bill. If the administration wants a depressed area bill, they certainly ought to be able to take it on the appropriation basis and regardless of the arguments you have heard from others that this is going to kill the bill, it is not true. We can proceed and call for a new conference and we could go into conference and we could maintain our position. The House went to conference with instructions to maintain the appropriation policy, and your conferees maintained it except for the last few hours on the third day, and you will notice that the conference re-

port does not contain the name of a single member of the Republican conferees. I recommend a "no" vote on the conference report.

The SPEAKER. The time of the gentleman has expired.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I assume that my colleagues have taken legislative notice of the fact that practically all Members who have spoken against the conference report—if not all of them—are Members who voted against the bill. They are opposed to this legislation. This is an effort made in the hope that there will be nothing passed at all. Furthermore, when it gets into the hands of the committee that is seeking it, of course, it will be a much different bill in its effect than what is necessary in the best interests of our country. This is a bill providing for \$300 million of loans. That is where the public debt transaction policy applies. It does not apply to the appropriations for grants or for administrative expenses of \$94 million.

Furthermore, under the rules of the House, the standing committee is supposed to supervise the administration of bills. All standing committees out of which a bill is reported are supposed to do that, and the Committee on Appropriations on the yearly appropriations on the grants and administrative expenses have complete opportunity to scrutinize the program. Furthermore, this is a 4-year program. There is a time limit on the program.

This bill is aimed to help America, to help communities in America to help themselves in lifting the economic blight that exists in various communities in our country.

If we do not have the public debt transaction provision, the ability to get maximum results will not be accomplished. Members of the Appropriations Committee talk about this. Why, they have included it in appropriation bills themselves. Whenever they included a contract obligation they have included a public debt transaction in its broadest aspects. They had to do it; and I approved of it because in connection with defense, for example, the making of contracts for several years is necessary, and the agency had to have the contract authority to do so.

Why the argument against something to help the chronic unemployed of America? And remember that for every dollar loaned, local communities and local business interests will have to contribute a given amount, running into the millions.

Why the opposition to a bill of this kind?

The same principle was involved in the rural electrification program. I voted for the REA program. The Government has made money out of that program. We did not hear any argument against the use of this policy in the Federal Highway Act. We did not hear it when only a few weeks ago the veterans housing bill came up. Right

after this conference report is disposed of the extension of Public Law 480 comes up, and the public debt transaction is a fundamental part of that law. So immediately after this conference report is disposed of we are going to have another bill which provides for a public debt transaction. I wonder how many of those who represent agricultural districts who oppose this conference report will take the floor and make any comment about the public debt transaction in relation to Public Law 480? And there are so many other bills. There is the small business loan bill involving a public debt transaction. There are commodity credit loans; there is slum clearance; there is the home loan guarantee, the Veterans' Administration; there is the FHA. Yes, that benefits the contractors. I am for it because we need homes. But in that bill is included a public debt transaction. All of these bills that have been enacted into law have included a public debt transaction because it was necessary to do so in order to make them operate effectively and efficiently. Now, we come to one bill involving \$300 million loans to help the communities of America to rebuild themselves economically to improve employment opportunities and they are vigorously fighting this conference report. I hope it will be adopted.

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. BYRNE] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. BYRNE of Pennsylvania. Mr. Speaker, the legislation providing \$394 million for aid to depressed areas in the country is long overdue. If the previous administration had supported such a bill, the depression resulting from its policies—and which we inherited from them—might not have been so severe; and we might have had some measure of recovery generated through the stimulus it would have given our economy.

My State of Pennsylvania has been affected most severely. We have thousands of unemployed in various sections of our State, and the detrimental effects have spread to Philadelphia, and throughout the entire State.

We are spending billions of dollars to help the economy of other nations throughout the world. Is it too much to ask that we at least use a small proportion of our resources to alleviate conditions just as bad amongst our own citizens? Five and a half million Americans are out of work. In some sections of the country, the major portion of the employable workers are in the ranks of the unemployed. In these communities it is not a spotty condition. It is definitely disastrous, with not much relief in sight if we do not enact this legislation. It will get worse, not better, within a very short time; and the repercussions will be felt in adjacent communities, which already have their share of unemployment due to the depression.

I know we again hear the familiar cry of socialism coming from those who have opposed every piece of social legislation which has been enacted in the last 25 or 30 years. They have no convincing argument against the merits of this legislation, so the same group indulges in the same cry; they use the same tactics of obstruction; they trot out the old bugaboos that they used to fight social security, unemployment benefits, wage and hour laws, and every other worthwhile law that has meant so much to the well-being of the average American family.

I strongly urge quick passage of this legislation as sponsored by President Kennedy and the Democratic administration.

Mr. STRATTON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. STRATTON. Mr. Speaker, I intend to vote for the conference report because I have long been an advocate of distressed areas legislation and have in fact cosponsored the distressed areas bill.

I am, however, greatly disturbed that the Stratton amendment which I offered to the legislation in the House and which was included as section 27 of the bill as it passed the House was deleted by the conference committee. This amendment simply provided that some action be taken within the Government to coordinate its operations so that the protection which this bill would give to unemployment areas would not be completely nullified and undone by the action of the Defense Department in closing down defense installations across the country. Specifically, my amendment provided that when such an installation was to be closed down in an area suffering from 6 percent or more unemployment the Secretary of Commerce would make a study of the economic effects of this closing and would report on it to Congress and to the Secretary of Defense. My amendment laid no requirement upon the Department of Defense and did not in fact, even prevent the Department in the slightest from closing down any installation it so desired. It simply made it possible for Congress and the public to take a second, long look at the economic consequences of the Defense Department's action. In view of the sweeping economic changes that are likely to occur in the next few months across the United States as one military base after another is closed down, surely the provisions of my amendment would seem to represent the very minimum which we as a Congress should do to deal with this serious situation.

I am particularly disturbed because the Stratton amendment was deleted from the conference report, so I have been advised, at the express request of the Secretary of Defense. The Secretary apparently wants no outside interference

at all with his action, in closing down military bases across the country in the next few months. In fact, Mr. McNamara's views on this subject were expressed rather forcefully just the other day in an address to the annual luncheon meeting of the Associated Press at the Waldorf Astoria Hotel in New York City, in which he said:

We cannot afford to modify these decisions to accommodate local or private interests no matter how legitimate.

Again he went on to say:

The basis of the previous policy has been the fear that decisions taken upon sound military grounds may be upset by the pressures of local and private interests. I expect to make it clear that our decisions, once taken, will not be subject to reversal except for changes in the facts on which they were based originally.

Very frankly, Mr. Speaker, I cannot go along with Secretary McNamara in this expression of an almost moral fervor in resistance to any attempt, "no matter how legitimate," to point out to the Department of Defense and to the public the impact in terms of human jobs and lives that some of these base closings will most assuredly entail. Certainly no one wants to make the Defense Department into a WPA. Certainly no one wants to continue jobs or military operations which are clearly unnecessary or obsolete. But by the same token I do not think we can take any particular pride in saying that we will just shut our eyes to the economic impact of these closings or that the Department of Defense is somehow above and beyond the requirement to be as much concerned with unemployment areas as is every other agency of our Federal Government.

To imply, for example, that an attempt to protect the jobs of one's fellow citizens and to keep their families together at a time of economic recession is somehow a kind of "pork barrel" operation or typifies some type of nefarious "logrolling" is, I think, to perform a grave disservice to our American people and ultimately to the defense program itself.

Mr. Speaker, the fact that the Secretary of Defense insisted that the Stratton amendment be taken out of this legislation is at least evidence that he is aware that some of us in this body are deeply concerned with this problem and do not intend to remain silent on it. Indeed in his address to the Associated Press he went on to say:

We have an obligation to take steps to mitigate the consequences of these closings for the people affected.

He also said:

I anticipate that we and the communities affected by these decisions will join together to take the time between the action and the closing to develop plans to reduce the impact of the change.

All of this is certainly to the good, and I commend the Secretary for it. In fact, in addition to this statement, I received today in the mail a letter from the Secretary which describes in even greater detail the steps which he intends to take

to meet to some extent the economic impact which these base closings will have, and at this point I include the Secretary's letter in the Record:

THE SECRETARY OF DEFENSE,
Washington, D.C., April 25, 1961.

HON. SAMUEL S. STRATTON,
House of Representatives.

DEAR CONGRESSMAN STRATTON: I know that you have been very concerned as to the economic implications involved in the inactivation and disposal of unneeded bases and installations. We, too, are very anxious that all possible care be taken to minimize unemployment problems that could result from such actions, and to lessen the impact on the communities concerned to the greatest extent we can.

The President also recognized, in his special message on the Defense budget, that problems could be created, and stated: "We cannot permit these actions to be deferred; but the Government will make every practicable effort to alleviate these hardships, and I have directed the Secretary of Defense to take every possible step to ease the difficulties for those displaced."

Consistent with the President's instructions, we have established a broad program within the Defense Department to attack the employment and community problems in a number of ways. First, we will review very carefully all installations and bases, and will reach decisions as to those to be reduced in scope, or closed, only after studying all of the facts.

In cases where our actions could cause economic dislocations, the Commerce Department, the Labor Department, and others, can be of assistance during the decision-making process. Once our decisions have been reached they will be made public as quickly as possible. In this way we will have the maximum time possible to solve employee and community problems during the phaseout period. We will, where possible, keep actual phaseout plans flexible so that adjustments can be made to meet special problems.

During the phase-down period, we intend to take all possible steps to find jobs for employees affected, whether such jobs be with the Defense Department, with other Government agencies, or with private industry. To do this we will, where necessary, modify existing personnel regulations; we will establish special personnel officers; we will draw upon the Civil Service Commission and the Labor Department; and we will work closely with community groups. Here again, we will assure the maximum feasible time between the decision and the actual closing since normal attrition will help solve unemployment problems.

Dealing with employee problems is, however, not the whole answer. We must also attempt to make unneeded facilities available on a schedule, and in a condition, to provide the best chance for their being put to worthwhile use. Here we are working, and will continue to work closely, with the General Services Administration, the Commerce and Labor Departments, the Small Business Administration, and others. In connection with our recently announced actions, for example, we are now making visits to affected communities, together with representatives of the Departments and Agencies referred to above. We will meet with community groups during these visits, and attempt to find mutually satisfactory answers to the problems they are facing.

As you can see, we are attempting to deal with all facets of this matter. For this purpose, we have created a specific organization within the Defense Department which we will modify or add to as appears necessary. We are well aware that we can never completely

eliminate the local problems incident to our decisions to close installations. We are confident, however, that we can go a long way toward softening them, and at the same time comply with the President's wish that we eliminate activities and installations which are of no further use in the national defense, in the light of the new challenges and requirements facing the Nation.

Sincerely yours,

ROBERT S. McNAMARA.

This is fine, Mr. Speaker, and I particularly congratulate Secretary McNamara for the steps he has taken in creating a separate agency within the Department of Defense to deal with this problem. This is much more consideration than we were ever to get from the Defense Department before, and I dare say it is in part a direct result of the action of this House in adopting my amendment to the distressed areas bill.

But I do not believe that this is a responsibility which we in Congress can or should leave entirely and exclusively to voluntary action by the Secretary of Defense. We have a responsibility of our own here too, and I think it must be discharged in some kind of appropriate legislation. Let nobody think that the closing down of military bases has come to an end by any means. Only the other day, on Friday, April 21, Deputy Secretary of Defense Roswell L. Gilpatric, in an address reported in the Washington Post for that date said that there will be new closings of defense bases "on a scale never done before" in American history. And the published report in the Washington Post indicated that these announcements "of the new list of larger airbases, Army posts, and Navy yards will be withheld until Congress goes home."

Mr. Speaker, at this point I include the article from the Washington Post referring to Secretary Gilpatric's remarks:

**MANY MORE BASES WILL BE SHUT DOWN,
PENTAGON DECLARES**

(By John G. Norris, staff reporter)

The Kennedy administration intends to shut down many, many more outmoded military bases and plow back the savings of "hundreds of millions" of maintenance dollars to bolster defense, a high Pentagon official said yesterday.

Deputy Secretary of Defense Roswell L. Gilpatric served notice of the new closings—"on a scale never done before"—in an address to the American Society of Newspaper Editors. He asked editorial support of such an unpopular move.

"We're not kidding ourselves it will be easy," Gilpatric said. "We'll need public support, determination and a program to minimize the impact on local communities affected."

SPECIFICS WITHHELD

Plans to close 73 defense bases—most of them small facilities—already have been announced. Announcement of the new list of larger "air bases, Army posts and navy yards" will be withheld until Congress goes home, a Pentagon official said.

Gilpatric said the Nation must have a greater capacity for handling "sub-limited war" such as in Laos and Cuba—as well as stronger, hardened major-war forces—because several such small conflicts may have to be faced at the same time.

Mr. Speaker, in fact, just this morning in the New York Times there is a report that two-thirds of the Nation's

150 major industrial centers still show substantial unemployment in spite of reports of pick-up in business activity. I feel very strongly that in the light of these figures we in Congress must write some kind of legislation to see that the executive branch does everything possible to ease the impact of defense base closings and not leave it solely and simply to the discretion of the Defense Department alone, particularly when the press reports that closings are going to take place at a rate never before seen in the history of our country, and are going to be announced just as soon as the elected Representatives of Congress get out of town.

Mr. Speaker, while I intend, as I say, to vote for the conference report, I want therefore to serve notice at this point that I intend to continue my fight for legislation to protect unemployment areas from the added hardship which defense closings are bound to create.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. PIRNIE. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BECKER] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BECKER. Mr. Speaker, this conference report makes it impossible to support and vote for this legislation, if for no other reason than the back-door spending injected by the other body. If the Congress intends to spend money in any area of our country, then it should approach the matter by making direct appropriations from the Treasury and not seek to increase the national debt by authorizing the issuance of Treasury bonds that merely increases the debt and also the annual deficit, which leads to further inflation. This in no wise aids the lower income families or the unemployed. It causes them to pay more for the very necessities of life upon which they are dependent. If the Democratic-controlled Congress wishes to face up to their responsibility, then they should appropriate and tax accordingly. If they desire to spend, then they must seek the revenue. This is the only honest way to head off inflation and increased national debt. As an aspect to this depressed areas problem, I am inserting herewith a resolution passed by the Conference of Appalachian Governors, at Lexington, Ky., October 18, 1960. I am also inserting a letter I sent to the Governor of Kentucky in reply. It is indicative of the times that I did not receive any reply to the questions I asked in my letter. I wonder why? I cannot in good conscience vote for this conference report. This is no way to proceed to try to solve a vexing problem.

Good legislation, technically, is that which accurately sizes up a problem and poses sensible steps for its solution.

When legislation does not meet these standards, it is bad legislation, no matter what its original intent may have been.

The administration has stressed the importance of solving the problem of depressed areas in our economy. Undoubtedly this is an important measure, but there are those of us who believe that the administration's solution to the problem of the depressed area is, at best, ineffective.

A depressed area, by current definition, is a geographic section, within the bounds of which exist wholesale unemployment and unbalanced economic conditions. The definition in itself assumes that there are accurate and measurable stages of economic development, and that there are sensible methods by which economic stimuli may be applied to a given area with the specific intention of ending unemployment.

But when these stimuli create artificial, unnatural, conditions, we have only substituted one problem for another. And the new problem would, in this case, be infinitely more serious.

Unemployment is not a nationwide problem. It is spotted in certain areas such as the coal mining States—Pennsylvania, West Virginia, Kentucky, Indiana, and so forth—and the automobile manufacturing State—Michigan.

If our country is producing consumer goods at increasing rates and increasing inventories, it is logical to assume that giving Federal money to put up plants in presently depressed areas must create unemployment in competitive areas which are not now classified as "depressed."

In the long run, the only effective answer to the problem will come from the cities and towns themselves, as they learn to adapt their natural resources and manpower potential to the needs of new industry. The only lasting way to solve the problem is through coordination of effort, with the Government working with business. Only business and industry can create jobs. The Government cannot.

The depressed areas bill—at this writing, in debate by a conference committee of the House and Senate—has two unsatisfactory aspects. The first is in its structure; the second, in its financing.

Briefly, the bill would establish a \$200 million loan fund to help communities expand present industries and attract new ones. Technically, any community—depressed or otherwise—would be eligible to apply for these Federal loan funds. The bill will also provide money for roads, utilities, and other public facilities deemed necessary to attract new industry. Could this not lead to Federal hospital grants, school grants, library grants, et cetera?

Provision is also made for a fund to maintain unemployed workers while they are undergoing training to develop new skills, and to provide such vocational rehabilitation.

There are not only the dangers pointed out above, but there is needless duplica-

tion of existing Federal agency programs, such as the HHFA and the vocational rehabilitation program of the Department of Health, Education, and Welfare.

The loan provisions of the bill are so constructed that a depressed area would often find it easier to go on the open market for development funds, since they could borrow at significantly lower interest rates than could be obtained from the Federal Government. By going to the open market, they would, of course, stimulate the entire economy.

To quote the minority view of the House Banking and Currency Committee:

This is not a bill to solve the general unemployment problem. This is not a bill to meet the problems arising from structural unemployment. This is not even a good depressed areas bill. Only 1 out of 17 unemployed workers in industrial depressed areas and only 1 out of 37 underemployed workers in rural areas could get jobs out of this bill.

However, the substantive objections to this bill are far outweighed by a more immediate concern—its proposed method of financing. The Douglas bill (S. 1) would call for back-door spending. The House bill would require that this gigantic \$400 million program go through the regular—and authorized—channels of the Appropriations Committees.

"Back-door spending" is a term used to denote that practice of bypassing congressional scrutiny of the use of public funds. Under this practice, Congress authorizes an existing Federal agency to borrow a specific amount of money from the Treasury. To finance this, the Treasury must resort to selling Government bonds on the open market.

Such an appropriation is not reflected in the budget or authorized by the Appropriations Committees, but it does become a part of the public debt. By so doing, it casts an inaccurate light on our country's fiscal picture.

The House of Representatives is constitutionally charged with the responsibility of balancing unlimited fiscal demands with limited revenues. No matter what the need for a depressed areas program may be, the fact remains that the very economy we seek to stimulate by aid to depressed areas will be seriously damaged if the Government itself becomes so enmeshed in deficit spending that our entire economic picture goes out of focus.

I believe that a program to aid economically depressed areas must be considered. But before I will concede that it is good legislation, I must be satisfied that it meets the criteria I mentioned. It must recognize the problem as it is and pose sensible and effective steps for its solution.

CONFERENCE OF APPALACHIAN GOVERNORS, LEXINGTON, KY., OCTOBER 18, 1960

A RESOLUTION SUBSCRIBING TO AND SUPPORTING A DECLARATION FOR ACTION REGARDING THE APPALACHIAN REGION

Be it resolved by the Governors of States with areas lying in the Appalachian region, in conference assembled at Lexington, Ky., That they do subscribe to and support the following Declaration for Action Regarding the Appalachian Region.

In many heavily populated areas of the Appalachian region, a chronic condition of underdevelopment and severe unemployment exists. As a result, many people are denied reasonable economic and cultural opportunities through no fault of their own. In addition, the productive force in both physical and human resources is severely limited in its contribution to the Nation, while the costs of essential welfare services are steadily increasing.

We, the Governors of the Appalachian States, deplore the deprivation and lack of opportunity for these people. This situation can be alleviated through purposeful and dynamic use of resources and technology available to us today.

By underdevelopment we mean that basic handicaps to development of adequate facilities involving transportation and water resources have in turn hindered the local ability to support necessary public services and private enterprise activity. Because of such basic deficiencies, the success of local development activity in all areas of life is severely handicapped.

This region has great resources. Its people are productive and self-reliant. Technological advances have displaced the employment opportunity of many workers.

Therefore, we believe that a special regional program of development is required and justified in terms of both the necessity to treat the human need and the opportunity to realize the region's potential to contribute to its own and the State and National economies.

Such a program, to be effective, must involve local, State, and Federal governments, and both private and public forces, and must provide for:

A. The creation of major economic facilities such as key roads and water control facilities, required to provide the people of the region with essential services and to enable them to make their own contribution to national progress.

B. Establishment of a comprehensive State and regional development program for positive and constructive action in appropriate fields of activity including forestry, agriculture, mineral resources, and tourist travel; industrial and community development; education, health, and welfare.

To this end, we propose to form and continue a voluntary association of our States to advance this program of regional development.

We pledge our assistance and encouragement to citizens working to carry out programs of development in the local communities and areas of this region. We look especially to the application of personal initiative, imagination, and work as the essential element in the solution of the region's problems.

We urge that the candidates for the Office of President and the Congress recognize the pressing needs of the Appalachian region. Appropriate Federal participation is necessary.

We insist that high priority be given to the increasingly crucial needs of the people of this region and pledge our own maximum and joint efforts to this end.

NOVEMBER 8, 1960.

HON. BERT THOMAS COMBS,
Governor, State of Kentucky,
Frankfort, Ky.

DEAR GOVERNOR: This is to acknowledge receipt of your letter, together with the copy of resolutions passed by the Governors of the States in the Appalachian region. It is a very laudable resolution, but the last paragraph intrigues me, wherein it states: "We insist that high priority be given to the increasingly crucial needs of the people of this region and pledge our own maximum and joint efforts to this end."

I am wondering just what efforts these States are putting forth and what they are doing to solve this problem. It seems to me that, if every problem is coming to the Federal Government dealing with local areas, we might as well give up our State charters and have a complete centralized Government. It would also seem that, when a resolution of this kind is passed and sent to the Members of Congress, it would also contain a detailed statement of just what the States are doing on their own volition, and in what specific way the Federal Government should step in.

Yours very truly,

FRANK J. BECKER,
Member of Congress.

Mr. GALLAGHER. Mr. Speaker, I wish to express my support of the aid-to-depressed-areas bill. This legislation will permit the administration of President Kennedy to move ahead on major proposals which will permit urgently needed action to save many metropolitan areas where whole industrial complexes have been consumed with dry rot.

This legislation which failed passage in the House a year ago, will be the salvation of many cities that are facing economic crisis because of the flight of industries to suburban and rural areas.

The act will permit local governments, industrial commissions and other similar local agencies and private business to receive financial aid from the Federal Government either in the form of loans or grants for the purpose of rebuilding facilities. New and modern industrial structures, close to shipping terminals will be attractive to business.

In this case, the chronic unemployment, that has plagued many areas for years will be relieved and the whole economic structure of our cities strengthened.

The plight of big cities in recent years has become acute. The aid-to-depressed-areas legislation, coupled with moves to improve transportation and vehicle traffic, will serve to relieve the big city problem. We can look for a healthy new growth of our cities.

Mr. CHAMBERLAIN. Mr. Speaker, on March 29, when the House depressed areas bill H.R. 4569, was before us, I voted for that measure. However, I am today opposing the adoption of the conference report on depressed areas and wish to register for the Record the reason for my opposition. My objection is to the back-door-spending provisions which it contains, and to which I am strongly opposed in principle. I feel it is dangerous for Congress to lose control of the purse strings in this, and other Federal programs, and know of no adequate excuse for bypassing the normal appropriation process in this case.

Mr. ALGER. Mr. Speaker, in view of the errors of dictatorial forms of government, why should we give the President dictatorial power over spending, in contrast to our time-honored appropriation of money by congressional committee study? The House should not accede to the Senate in permitting the back-door raid on the Treasury substituted by the other body as the method of financing. Control over the purse strings resides in the Appropriation Committee of the House and we must not abandon our responsibilities. Rather, all expenditures

by the Federal Government should be reappropriated every year by the Appropriations Committee. Otherwise we as Representatives and through us our constituents will lose control of the expenditures of the taxpayers hard-earned money. Members of Congress, not administrative appointees of the executive branch should control appropriations.

To me, it is particularly shocking that the President has demanded this new authority as declared by the chairman of the Banking and Currency Committee, the gentleman from Kentucky [Mr. SPENCE], and the gentleman from Alabama [Mr. RAINS]. Such action characterizes a dictatorship form of government not an elective republic. As the chairman of the Appropriations Committee said, "financial solvency is our greatest military weapon" and this action of back-door spending is "financial insanity." The arbitrary demand by the administration and the about-face of the Democrat House conferees is particularly damning because this aid to depressed areas is a new, and experimental program—all the more reason to keep closer, not lose, scrutiny of the program and control of expenditures.

This high-handed action suggests to me that members of his party including the chairman of Appropriations, should remind the President of the time-tested good sense of congressional procedures. All that stands between us and dictatorship are the rules of procedure followed by the House consonant with our Constitution. This action following the first-of-its-kind \$500 million foreign aid without explanation and justification herald a new form of administration that intends to run roughshod over Congress and the people we represent.

I, for one, resent this intrusion on the legislative branch prerogatives and I shall oppose the conference report. By defeating this report we will close the door on those who want to substitute Executive spending by decree for congressional appropriation and have a new conference report that retains our appropriation procedure. To do less would be to betray the people we represent.

Mr. MULTER. Mr. Speaker, the sole issue presented on this conference report is whether the loan part of this program should be handled as Treasury financing or by direct appropriations.

I reemphasize what has already been pointed out several times.

The grants and administration expenses are only authorized by this bill and must be appropriated in the usual manner by the Congress.

The loans will be financed directly by the Treasury. That is the traditional method as to loans.

But, even as to that, it is absurd to argue that Congress loses all control over the program. The bill itself requires elaborate reporting to the Congress. All congressional committees retain their continuing jurisdiction to review the operations of all the departments.

More important, the entire program comes to an end without any action by Congress in 1965. It can be continued only by our affirmative action. At that

time, either we will continue it after a complete and thorough review or let it lapse.

Any time before that we can repeal it. The chances are that if it is successful, as we hope it will be, the money now authorized will be insufficient. In that case we will review the entire matter, in 1962 or 1963, and take further action as the facts then may require.

Permit me to advert for a moment to the question propounded by the distinguished chairman of the Agriculture Committee, the gentleman from North Carolina [Mr. COOLEY]. While it is intended for the Secretary of Commerce to delegate to the Secretary of Agriculture such functions as can more efficiently be performed by the latter, it is not intended to have the Secretary of Agriculture duplicate the efforts or invade the jurisdiction of the Small Business Administration.

The Small Business Administration's policies and procedures since the inception of the agency provide financial assistance, Government procurement, production, and other technical services to small business concerns and State and local development companies located in rural and urban areas, and in areas of surplus labor.

SBA's existing procedures have been drawn and are constantly under review to make all of the agency's services to small business concerns effective and productive for the individual small businessman. Marked for special consideration are loan applications from small concerns in the smaller cities, towns, villages, and rural communities for commercial and industrial loans where employees are drawn primarily from the surrounding rural population.

For the small businessman in local rural areas, the Small Business Administration also provides counseling services in connection with financial, production, technical, managerial problems, and Government contracting. In addition, SBA issues management publications written especially for small business operators located in rural as well as urban areas.

The agency has established programs to assist in the economic development of particular local communities by lending to a State or local development company which, in turn, provides facilities to specific small business concerns located in either urban or rural areas.

The Small Business Administration approved 432 rural development loans amounting to \$27 million in 1960.

There is located in the 55 SBA field offices established in key cities throughout the Nation, a staff of technical, financial, managerial, and production specialists who provide services to the small businessman in these various programs. Under this legislation, before aid can be granted, financial assistance must be unavailable on reasonable terms from other sources, including other Federal agencies.

Accordingly, small concerns will be obliged to seek assistance from SBA under section 7(a) of the Small Business Act and title V of the Small Business In-

vestment Act of 1958, before they will be eligible for assistance under section 6 of this bill. Thus, SBA will have reviewed the concern's application for financial conditions and the availability of other financing, so that only SBA can effectuate section 6 without duplicating the work of other Federal agencies.

SBA will continue to provide informational, technical, and managerial services to small business concerns in rural as well as urban areas. For other agencies to perform these services would constitute duplication of SBA efforts, which are prohibited by this bill. The Secretary of Commerce, under his authority from the Area Redevelopment Act, should delegate to Small Business Administration responsibility and authority to carry out his functions for programs in rural areas as they pertain to business and industrial loans and the other services of SBA described above. SBA is in a position to accept the delegation and carry out the responsibilities thereunder.

Mr. MACGREGOR. Mr. Speaker, although I favor the concept of proper legislation providing Government assistance to areas of chronic underemployment, I object to provisions of this conference report which allow financing of the program directly from the Treasury.

I voted for S. 1 on March 29. In that version the bill called for regular financing of the program through congressional appropriation. This was the administration proposal. It is the method which is the accepted practice and it is the method which meets all the requirements of logic and governmental responsibility. It is the method which I believe the people of this country want used, especially in programs such as this which are entirely new. The process of financing Government programs through congressional appropriations was set up for a specific purpose and has served well. We should not deliberately depart from it in a substantial program such as this without having a clear mandate to do so. I do not think we have such a mandate.

The House of Representatives is charged with the responsibility of balancing the Government's income with expenditures. If we abdicate that responsibility we are turning over unreasonable and unnecessary authority to the executive branch.

Under the method of financing provided for in this conference report, an executive agency can borrow funds from the Treasury, which then must sell Government bonds on the open market. These funds are not authorized by the Appropriations Committee and are not reflected in the budget, but they do become a part of the national debt. The result is that we engage in even greater deficit spending than the people of this country can know of.

The greater public debt then has the effect of weakening the very economy we are striving here to strengthen. We are defeating ourselves by providing stimulation for the economies of certain depressed areas while at the same time

creating conditions for weakening of the dollar and an unstable general economy. In this critical time of worldwide struggle of which the economic phase is an important part, it is vital that we maintain the financial solvency and fiscal responsibility which this country has enjoyed during the past 8 years. This conference report on the Area Redevelopment Act is one step along the way to financial chaos. I support a responsible area redevelopment program but I cannot put my stamp of approval on irregular and irresponsible financing provisions.

Mr. SPENCE. Mr. Speaker, I yield myself 2 minutes.

The SPEAKER. The gentleman from Kentucky is recognized.

Mr. SPENCE. Mr. Speaker, the President wants this bill enacted into law as reported by the conferees. The Secretary of Commerce, who will be the Administrator, also joins in this request.

Four times the Banking and Currency Committee has reported bills, the objective of which was to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas. One such bill sustained a pocket veto and one was vetoed by the President and the veto was not overridden by Congress. Now we have a President who I am sure will approve the legislation. It is recognized that depressed areas are evils. We cannot attain full economic growth or be assured of domestic tranquility while they exist. I ask the House to agree to the conference report.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. McDONOUGH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 224, nays 193, not voting 15, as follows:

[Roll No. 44]

YEAS—224

Addabbo	Cooley	Gallagher
Addonizio	Corbett	Garmatz
Albert	Corman	Gavin
Anfuso	Curtin	Glamo
Aspinall	Daddario	Gilbert
Bailey	Daniels	Glenn
Baker	Dawson	Granahan
Barrett	Delaney	Gray
Bass, Tenn.	Dent	Green, Oreg.
Beckworth	Denton	Green, Pa.
Bennett, Fla.	Diggs	Griffiths
Bennett, Mich.	Dingell	Hagan, Ga.
Blatnik	Donohue	Hagen, Calif.
Boggs	Doyle	Halpern
Boland	Dulski	Hansen
Bolling	Edmondson	Harding
Bonner	Elliott	Hardy
Boykin	Everett	Harsha
Brademas	Evins	Hays
Bray	Fallon	Healey
Breeding	Farbstein	Hechler
Brewster	Fascell	Hemphill
Brooks, Tex.	Feighan	Holfield
Buckley	Fenton	Holland
Burke, Ky.	Finnegan	Holtzman
Burke, Mass.	Fino	Huddleston
Byrne, Pa.	Flood	Ichord, Mo.
Carey	Flynt	Inouye
Chelf	Fogarty	Jennings
Clark	Fountain	Joelson
Coad	Frazier	Johnson, Calif.
Cohelan	Friedel	Johnson, Md.
Cook	Fulton	Johnson, Wis.

Jones, Ala.	Morrison	Saylor
Karsten	Moss	Schneebell
Karth	Moulder	Schwelker
Kastenmeyer	Multer	Scranton
Kearns	Murphy	Seely-Brown
Kee	Natcher	Shelley
Kelly	Nix	Sheppard
Keogh	O'Brien, Ill.	Shipley
Kilday	O'Brien, N.Y.	Sikes
King, Calif.	O'Hara, Ill.	Siler
King, Utah	O'Hara, Mich.	Sisk
Kirwan	O'Konski	Slack
Kowalski	Olsen	Smith, Iowa
Landrum	O'Neill	Spence
Lane	Passman	Staggers
Lankford	Patman	Steed
Lesinski	Perkins	Stratton
Libonati	Peterson	Stubblefield
McCormack	Pfost	Sullivan
McDowell	Philbin	Taylor
McFall	Pike	Thompson, La.
McVey	Pilcher	Thompson, N.J.
McDonald	Pirnie	Thompson, Tex.
Machrowicz	Powell	Thornberry
Mack	Price	Toll
Madden	Pucinski	Tollefson
Magnuson	Rabaut	Trimble
Marshall	Rains	Tupper
Martin, Mass.	Randall	Ullman
Mathias	Reuss	Vanik
Marrow	Rhodes, Pa.	Van Zandt
Miller, Clem	Rivers, Alaska	Vinson
Mills	Rivers, S.C.	Walter
Moeller	Rodino	Watts
Monagan	Rogers, Fla.	Whalley
Montoya	Rooney	Wickersham
Moore	Roosevelt	Willis
Moorehead,	Rostenkowski	Wright
Ohio	Ryan	Yates
Moorhead, Pa.	St. Germain	Young
Morgan	Santangelo	Zablocki
Morris	Saund	Zelenko

NAYS—193

Abbitt	Domnick	McCulloch
Abernethy	Dooley	McDonough
Adair	Dorn	McIntire
Alexander	Dowdy	McMillan
Alford	Downing	McSweeney
Alger	Durno	MacGregor
Andersen,	Dwyer	Mahon
Minn.	Ellsworth	Mailliard
Anderson, Ill.	Findley	Martin, Nebr.
Andrews	Fisher	Mason
Arends	Ford	Matthews
Ashbrook	Forrester	May
Ashmore	Frelinghuysen	Meader
Auchincloss	Garland	Michel
Avery	Gary	Milliken
Ayres	Gathings	Minshall
Baldwin	Goodell	Morse
Bass, N.H.	Goodling	Mosher
Bates	Grant	Murray
Battin	Griffin	Nelsen
Becker	Gross	Norblad
Beermann	Gubser	Norrell
Belcher	Haley	Nygaard
Bell	Hall	Osmer
Berry	Halleck	Ostertag
Betts	Harris	Pelly
Bolton	Harrison, Va.	Pillion
Bow	Harrison, Wyo.	Poage
Bromwell	Harvey, Ind.	Poff
Brooks, La.	Harvey, Mich.	Quile
Broomfield	Hébert	Ray
Brown	Henderson	Reifel
Broyhill	Herlong	Rhodes, Ariz.
Bruce	Hiestand	Riehlman
Burleson	Hoeven	Robison
Byrnes, Wis.	Hoffman, Ill.	Rogers, Tex.
Cahill	Hoffman, Mich.	Roudebush
Cannon	Horan	Rousset
Casey	Hosmer	Rutherford
Cederberg	Hull	St. George
Chamberlain	Ikard, Tex.	Schadeberg
Chenoweth	Jarman	Schenck
Chiperfield	Jensen	Scherer
Church	Johansen	Schwengel
Clancy	Jonas	Scott
Collier	Jones, Mo.	Selden
Colmer	Judd	Short
Conte	Keith	Shriver
Cramer	Kilgore	Sibal
Cunningham	King, N.Y.	Smith, Calif.
Curtis, Mass.	Kitchen	Smith, Va.
Curtis, Mo.	Kornegay	Springer
Dague	Kyl	Stafford
Davis	Laird	Stephens
James C.	Langen	Taber
Davis, John W.	Latta	Teague, Calif.
Derounian	Lennon	Teague, Tex.
Derwinski	Lindsay	Thomas
Devine	Lipscomb	Thomson, Wis.
Dole	Losier	Tuck

Utt	Westland	Williams
Van Pelt	Wharton	Wilson, Calif.
Wallhauser	Whitener	Wilson, Ind.
Weaver	Whitten	Winstead
Weis	Widnall	Younger

NOT VOTING—15

Ashley	Kilburn	Riley
Baring	Kluczynski	Roberts
Barry	Knox	Rogers, Colo.
Blitch	Miller,	Smith, Miss.
Celler	George P.	
Davis, Tenn.	Miller, N.Y.	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Celler for, with Mr. Davis of Tennessee, against.

Mr. Roberts for, with Mr. Kilburn, against.

Mr. George P. Miller of California for, with Mrs. Blitch, against.

Mr. Rogers of Colorado for, with Mr. Miller of New York, against.

Mr. Baring for, with Mr. Barry, against.

Mr. Ashley for, with Mr. Knox, against.

Mr. HARSHA changed his vote from "nay" to "yea."

Mr. BROMWELL. Mr. Speaker, I was paired on this vote, but I arrived on the floor in time to vote. Of course, I should not be shown twice since I did vote in person.

The SPEAKER. The pair will be broken then, if the gentleman desires to do that.

Mr. BROMWELL. Yes, Mr. Speaker.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AID TO DEPENDENT CHILDREN

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 4884) to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 307)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4884) to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 7.

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 5, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of striking out the matter proposed

to be stricken out by the Senate amendment and inserting the matter proposed to be inserted by the Senate amendment, in the House engrossed bill strike out line 25 on page 2 and all that follows down through line 9 on page 3 and insert the following: "is determined by the State or local agency administering the State plan, after notification by such employer, to be a bona fide offer of such employment, and

"(3) includes provision for entering into cooperative arrangements with the State agency responsible for administering or supervising the administration of vocational education in the State, looking toward maximum utilization of available public vocational education services and facilities in the State in order to encourage the retraining of individuals capable of being retrained. For purposes of the preceding sentence, a State plan may, at the option of the State, provide for the denial of all (or any part) of the aid under the plan to which any child or relative might otherwise be entitled for any month, if the unemployed parent of such child receives unemployment compensation under an unemployment compensation law of a State or of the United States for any week any part of which is included in such month."

And the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with amendments as follows:

On page 2, line 23, of the Senate engrossed amendments, strike out "families with".

On page 3, line 7, of the Senate engrossed amendments, strike out "families with".

On page 3, line 8, of the Senate engrossed amendments, after the semicolon, insert "and".

On page 3, lines 10 and 11, of the Senate engrossed amendments, strike out "administrations" and insert "administration".

On page 3, line 24, of the Senate engrossed amendments strike out "State agency" and insert the following: "State or local agency administering the State plan".

And the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Sec. 4. Section 404 of the Social Security Act is amended by inserting '(a)' after '404.' and by adding at the end thereof the following new subsection:

"(b) No payment to which a State is otherwise entitled under this title for any period before September 1, 1962, shall be withheld by reason of any action taken pursuant to a State statute which requires that aid be denied under the State plan approved under this title with respect to a child because of the conditions in the home in which the child resides."

And the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: On page 7, line 8, of the Senate engrossed amendments, strike out "Sec. 6." and insert "Sec. 5.", and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows:

On page 7, line 20, of the Senate engrossed amendments, strike out "Sec. 7." and insert "Sec. 6.", and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted

by the Senate amendment insert the following:

"Sec. 7. Section 901(c)(1)(B) of the Social Security Act is amended by adding at the end thereof the following sentence:

"The term 'necessary expenses' as used in this subparagraph (B) shall include the expense of reimbursing a State for salaries and other expenses of employees of such State temporarily assigned or detailed to duty with the Department of Labor and of paying such employees for travel expenses, transportation of household goods, and per diem in lieu of subsistence while away from their regular duty stations in the State, at rates authorized by law for civilian employees of the Federal Government."

And the Senate agree to the same.

W. D. MILLS,
CECIL R. KING,
THOMAS J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

HARRY F. BYRD,
ROBERT S. KERR,
RUSSELL B. LONG,
GEORGE SMATHERS,
By H.F.B.
JOHN J. WILLIAMS,
FRANK CARLSON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4884) to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The bill as passed the House provided for making available, during a 15-month period beginning April 1, 1961, and ending June 30, 1962, Federal grants to States wishing to extend their aid to dependent children programs under title IV of the Social Security Act to include needy children of unemployed parents on the same basis as Federal grants are now available with respect to needy children who have been deprived of parental support by the death, absence, or incapacity of a parent.

Under Senate amendment No. 1, the beginning date for the period during which such grants would be available to the States was changed from April 1, 1961, to May 1, 1961 (the ending date for such period remaining as in the House bill).

The House recedes.

Amendment No. 2: This is a technical amendment reflecting the change in the designation of the assistance provided under title IV of the Social Security Act proposed to be made by Senate amendment No. 7.

In view of the action taken by the conferees on amendment No. 7, the Senate recedes.

Amendment No. 3: The bill as passed the House provided that a State plan which includes aid to dependent children of unemployed parents would be required to include provision for entering into cooperative arrangements with the State agency responsible for administering or supervising the administration of vocational education in the State, looking toward maximum utilization of available public vocational education services and facilities in the State in order to encourage the retraining of individuals capable of being retrained.

Senate amendment No. 3 deleted this requirement. It also added a provision to the House bill under which a State, at its op-

tion, may provide for the denial of all (or any part) of the aid under the plan to which any child or relative might otherwise be entitled for any month, if the unemployed parent of such child receives unemployment compensation under an unemployment compensation law of a State or of the United States for any week any part of which is included in such month.

Under the conference agreement the requirement of the House bill described above is restored, with technical amendments. In addition, the provision added by the Senate amendment is retained.

Amendment No. 4: This amendment added to the House bill a new section providing for Federal matching funds for the 14-month period from May 1, 1961, through June 30, 1962, for State expenditures under the aid to dependent children program for children who, because of a judicial determination that continuation in the family's home would be contrary to the child's welfare, are placed in foster-family homes (but only where the State has elected to provide aid for such children under its plan).

The House recedes with technical amendments.

Amendment No. 5: Section 705 of the Social Security Act authorizes the appropriation of sums for training grants for public welfare personnel. Under existing law, (1) this authorization would expire with the fiscal year ending June 30, 1962, and (2) the Secretary is authorized to pay 80 percent of the total State expenditures to carry out the purposes of such section 705.

Senate amendment No. 5 extends for 1 year (to June 30, 1963) the period during which appropriations may be made for this purpose. It also increases the authorized Federal share of State expenditures for this purpose from 80 percent to 100 percent.

The House recedes.

Amendment No. 6: This amendment added to the House bill a new section providing that any action taken, before the 61st day following the day on which ends the first regular session of a State's legislature which begins after enactment of this bill, pursuant to a State statute which requires that aid be denied under the State plan approved under title IV of the Social Security Act with respect to a child because of the conditions in the home in which the child resides, was not to be a basis for withholding payments to such State under such title IV.

The House recedes with an amendment which strikes out the language proposed to be inserted by the Senate amendment and inserts in lieu thereof a different provision. Under the conference agreement there is to be no withholding of any payment to which a State is otherwise entitled under title IV of the Social Security Act for any period before September 1, 1962, by reason of any action taken pursuant to a State statute which requires that aid be denied under the State plan with respect to a child because of the conditions in the home in which the child resides.

Under the action agreed to in conference, there is provided a period (up to September 1, 1962) in which further study may be given to this problem and the Secretary of Health, Education, and Welfare can cooperate with the States in working out a solution to the problem.

Amendment No. 7: This amendment added to the House bill a new section changing the designation of the assistance provided under title IV of the Social Security Act (presently "aid to dependent children") to "aid to families with dependent children".

The Senate recedes.

Amendment No. 8: This amendment added to the House bill a new section, amending section 3(a)(1)(C) of the Social Security Act, to increase from a maximum of \$12 to a maximum of \$15 the medical care expenditures in behalf of old-age assistance recipi-

ents (over and above the general formula for Federal participation) with respect to which there will be Federal participation. Under the amendment, comparable increases are made in the maximum medical care expenditures taken into account in the case of Puerto Rico, the Virgin Islands, and Guam.

The House recedes with a clerical amendment.

Amendment No. 9: The House bill temporarily increased the \$9 million overall ceiling on the grants which may be made to Puerto Rico in any fiscal year under the four public assistance titles of the Social Security Act, to take into account the grants which would be made in Puerto Rico under the temporary program of aid to dependent children of unemployed parents.

Senate amendment No. 9 provided further increases in this ceiling (and comparable increases in the ceilings for the Virgin Islands and Guam) to take into account the additional grants which would be made under the temporary program of aid to dependent children in foster-family homes (Senate amendment No. 4) and the increased Federal financial participation in medical care expenditures in behalf of old-age assistance recipients (Senate amendment No. 8).

In view of the action of the conferees on Senate amendments Nos. 4 and 8, the House recedes (with a clerical amendment).

Amendment No. 10: Subparagraph (B) of section 901(c)(1) of the Social Security Act authorizes to be made available for expenditure, out of the employment security administration account, such amounts as the Congress may deem appropriate for the necessary expenses of the Department of Labor for the performance of its functions under specified provisions of law. Senate amendment No. 10 added to the House bill a new section, amending such subparagraph (B) to provide that (as used therein) "necessary expenses" shall include the expense of reimbursing a State for salaries and other expenses of employees of such State temporarily assigned or detailed to duty with the Department of Labor and of paying such employees for travel expenses, transportation of household goods, and per diem in lieu of subsistence while away from their regular duty stations in the State, at rates authorized by law for civilian employees of the Federal Government.

The House recedes with technical amendments.

W. D. MILLS,
CECIL R. KING,
THOMAS J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

Mr. MILLS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD in explanation of the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, the other body accepted the basic framework of the bill H. R. 4884 as passed by the House. It will be recalled that the basic purpose of this legislation is to permit the States for a temporary period to assist children who are in need because their parent is unemployed. As I explained to the House when this bill was considered, the Federal Government now participates financially with the States in assisting needy children who are in need because of the death, absence, or

incapacity of a parent. The bill would add, for a temporary period, provision for Federal participation in a fourth type of situation—namely, where children are in need because of the fact that the parent is unemployed. The basic provisions, such as the formula which determines the amount of Federal participation, the conditions of Federal participation, and so on, of present law would apply to these proposed changes relating to aid to dependent children of unemployed parents.

1. EFFECTIVE DATES

The House-passed bill would have been effective for the period beginning April 1, 1961, and ending at the close of June 30, 1962. Due to the passage of time, it was necessary for the other body to change the beginning date from April 1 to May 1, 1961, and the House conferees concurred in this amendment. This means that the provisions of the bill relating to dependent children of unemployed parents will be effective for a 14-month period instead of a 15-month period as passed by the House.

2. RETRAINING AND VOCATIONAL EDUCATION REQUIREMENT

The House bill required that a State include in its plan, in order to be entitled for Federal funds for this temporary period, a provision calling for cooperative arrangements with State vocational education agencies. We provided this in order to enable unemployed parents to become self-supporting as soon as possible in those cases where the type of work which they had engaged in previously is no longer available in their community. The other body deleted this provision. In conference, the House conferees prevailed and it was restored.

3. OPTIONAL EXCLUSION BY A STATE OF CHILDREN IN FAMILIES RECEIVING UNEMPLOYMENT COMPENSATION

The other body added a provision giving an option to the States to exclude aid to a child or relative in any month where the unemployed parent of such a child was receiving unemployment compensation. The House conferees agreed to this amendment. It is to be noted that this is not a mandatory requirement, but simply is optional with the States.

4. FEDERAL PAYMENTS FOR FOSTER CARE OF DEPENDENT CHILDREN

The other body added an amendment providing for temporary—through June 30, 1962—payments on behalf of children in foster family homes providing foster care for children. It was felt that in some cases dependent children receiving assistance now are sometimes in home environments that are contrary to the best interest of the children. The amendment requires that a court of competent jurisdiction must find that the particular child or children are not receiving proper care and protection in their own homes. Responsibility is given to the appropriate State agency to place these children in foster family homes. Assistance is provided in such cases only where the child was eligible for aid to dependent children originally in his own home and received aid in the month in which the court proceedings

resulting in his removal were initiated. The provision is applicable only to children who are removed from their homes on or after May 1, 1961. The House conferees accepted this amendment. It is estimated that this amendment will cost between \$3 and \$4 million. Although this amendment is only effective through June 30, 1962, it applies to needy dependent children whether the parent is dead, absent, incapacitated or unemployed.

5. TRAINING GRANTS FOR PUBLIC WELFARE PERSONNEL

In 1956, the Congress authorized through June 30, 1962, special grants for the training of public welfare personnel. The Federal share under existing law is 80 percent of the cost of such training. The other body added an amendment extending for 1 year, through June 30, 1963, the period during which appropriations may be made for this purpose, and increasing the authorized Federal share of State expenditures from 80 to 100 percent. The House conferees accepted this amendment.

6. CHILDREN IN UNSUITABLE HOMES

On January 17, 1961, the Department of Health, Education, and Welfare advised State agencies administering aid to dependent children that after June 30, 1961, Federal grants would not be available to a State which terminates assistance to children in a home determined to be unsuitable unless the State makes other provision for the children affected. The other body added an amendment which in effect provided that Federal payments were not to be withheld because of conditions in the home in which a child resides before the 61st day following the day on which the next regular session of a State's legislature ends. The conferees agreed to the principle of not withholding payments from a State contained in this amendment of the other body. However, it was rewritten to provide that there is to be no withholding of any payment to which a State is otherwise entitled under the aid to dependent children provisions of the Social Security Act for any period prior to September 1, 1962, by reason of any action taken pursuant to a State statute which requires that aid be denied under the State plan with respect to a child because of conditions in the home in which the child resides. Under this agreement, there is provided a period of time—up to September 1, 1962—in which further study can be given to this problem and the Secretary of Health, Education, and Welfare can cooperate with the States in working out a solution to it.

7. CHANGE IN THE NAME OF TITLE IV OF THE SOCIAL SECURITY ACT

The other body changed the name of title IV from "Aid to Dependent Children" to "Aid to Families With Dependent Children." The Senate receded from this amendment.

8. INCREASE IN FEDERAL PARTICIPATION IN MEDICAL CARE FOR OLD-AGE ASSISTANCE RECIPIENTS

It will be recalled that last year the Congress authorized Federal participation up to \$12 in medical care expenditures in behalf of recipients of old-age

assistance over and above the general formula for participation in old-age assistance payments. The other body increased the maximum from \$12 to \$15 with respect to which there is to be Federal participation in medical care expenditures in behalf of old-age assistance recipients. The House concurred in this amendment.

9. CEILING ON PUBLIC ASSISTANCE GRANTS TO PUERTO RICO

The present overall ceiling on public assistance grants to Puerto Rico is \$9 million. The House bill temporarily increased this ceiling, for the period of the effectiveness of this bill, by \$75,000 for fiscal year 1961 and by \$300,000 for fiscal year 1962. This was done because Puerto Rico is now fully utilizing its ceiling amount, unlike the case of other jurisdictions with ceilings on their grants. In order to permit Puerto Rico to take advantage of the increased amount made available for medical care for old-age assistance recipients, the other body increased the ceiling by \$75,000 for fiscal year 1961 and by \$425,000 for fiscal year 1962. For fiscal years ending after June 30, 1962, the ceiling would be \$9,125,000. Comparable changes were made with respect to the Virgin Islands and Guam, in relation to the medical-care amendment. The House conferees accepted this amendment.

10. REIMBURSEMENT OF A STATE FOR SALARIES AND OTHER EXPENSES OF EMPLOYEES TEMPORARILY ASSIGNED OR DETAILED TO ADMINISTER THE FEDERAL EMPLOYMENT SECURITY PROGRAM

The other body added an amendment which would permit reimbursement to a State out of the employment security administration account for salaries and other expenses of State employees who are temporarily assigned or detailed to duty with the Department of Labor to help in the performance of its functions under specified provisions of law. The House conferees accepted this amendment.

11. NUMBER OF PERSONS AFFECTED AND COST UNDER THE CONFERENCE REPORT

It will be recalled that it was estimated that if all States fully utilized the provisions of the House bill, the cost to the Federal Government would be \$305 million, with 1,126,000 persons affected including over 750,000 children. However, as pointed out in our report on this bill and as I stated on the floor, it was not expected that there would be maximum utilization of the provisions of this bill, and, therefore, the cost would be less than this amount. The cost under the conference version of this bill is estimated to be about \$215 million. This is on the basis that about half of the States will participate and that the States which do will have about two-thirds of the needy children covered by the conference version of the bill.

Of this amount, \$200 million is estimated to be the cost of adding unemployed parents as an eligible category.

The cost of the increase is estimated to be \$10 million, in the maximum, for

medical care for old-age assistance recipients, and \$3 to \$4 million is estimated to be the cost of the provision relating to foster family homes. The other provisions of the bill all together are estimated to cost about \$1 million.

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD in explanation of the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MASON. Mr. Speaker, the House conferees have brought to the House what I will term a good conference report on a bad bill.

The conference report is good in that it provides some needed improvements with regard to the existing aid to dependent children, title IV of the Social Security Act.

The bill is bad because what is purportedly a temporary program will inevitably become a permanent program costing several hundred million dollars annually to make Federal funds available for something now cared for by State and local governments so that the effect of the bill will largely be to increase Federal funds and to reduce State and local funds used for child assistance.

The Senate amendments that are approved by the House conferees include: First, a change in the House effective date from April 1, 1961, to May 1, 1961; second, a provision permitting a State to deny aid under the bill if a parent receives unemployment compensation; third, the authorization of availability of Federal funds with respect to children placed in foster-family homes pursuant to a judicial determination; fourth, a change in the 80 percent limitation to 100 percent for Federal funds on costs incurred in training of public welfare personnel; fifth, an increase in Federal matching for medical care expenditures for old-age assistance recipients; sixth, an adjustment and broadening of the House provisions pertaining to ceilings on grants made to certain possessions of the United States; and seventh, a provision allowing the reimbursement of States for costs incurred with respect to State employees on temporary assignment with the Department of Labor of the Federal Government.

Another Senate amendment that was accepted by the House but with significant amendment pertained to the denial of Federal aid to any State having a plan requiring for withholding payments with respect to a child because of conditions in the home. The House receded with an amendment providing that no denial of Federal aid to a State occur for this cause for any period prior to September 1, 1962. This House amendment will have the effect of allowing the Secretary of Health, Education, and Welfare to make a study of the problem involved.

Mr. Speaker, I am opposed to the bill but I commend my House colleagues who served with me as conferees for the work they did in conference.

AUTHORIZATION FOR SALE OF AGRICULTURAL COMMODITIES

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 262 and ask for its immediate consideration.

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4728) to amend title I of the Agricultural Trade Development and Assistance Act of 1954, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend.

Mr. MADDEN. Mr. Speaker, House Resolution 262 provides for the consideration of H.R. 4728, a bill to amend title I of the Agricultural Trade Development and Assistance Act of 1954. The resolution provides for an open rule, waiving points of order, with 2 hours of general debate.

The purpose of H.R. 4728 is to authorize the President to enter into agreements during the 1961 calendar year calling for the sale of an additional \$2 billion of agricultural commodities under the authority of title I of the Agricultural Trade Development and Assistance Act of 1954, commonly called Public Law 480.

The most recent extension of Public Law 480 was Public Law 86-341, enacted September 21, 1959, which extended the act from December 31, 1959, to December 31, 1961, and authorized the President to enter into agreements during each of the calendar years 1960 and 1961 at the rate of \$1.5 billion per year, plus any unused authorization from the previous year.

In May 1960, however, President Eisenhower entered into an agreement with India which committed to this one country \$2.2 billion—more than two-thirds—of the total authorization for title I for the calendar years 1960 and 1961. This is the basic reason why this bill is necessary—to restore the authorization for these 2 calendar years back to the point where it would be except for the Indian agreement.

Because the total amount of the Indian agreement exceeded the available authorization for the calendar year 1960, only the first-year portion of the agreement, amounting to about \$530 million, was implemented at that time. The other 3-year portion of the agreement was formalized in January 1961, using up almost \$1.6 billion of the President's authority to enter into such agreements in this current calendar year, and leaving a

balance—due to carryover from 1960—of about \$250 million.

Other agreements signed this calendar year have not taken up virtually all of the 1961 authorization, so that operations under title I will be brought to a halt unless this additional authorization is provided.

Mr. Speaker, I urge the adoption of House Resolution 262.

Mr. SMITH of California. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, my understanding of the rule is the same as the explanation given by the gentleman from Indiana [Mr. MADDEN]. It calls for 2 hours general debate, all points of order are waived, and under the 5-minute rule all amendments will be in order.

As I understand the bill H.R. 4728, when it was originally established back in 1954, this particular program was known as the Agricultural Trade Development and Assistance Act. It started in 1954, and its purpose at that particular time was to dispose of our farm surpluses in an orderly and constructive manner. None of us can find objection to the purposes for which this act was started in 1954 because at that particular time we had many billions of dollars in farm surpluses, and it was our desire and hope that we could dispose of a number of these surpluses, and at the same time provide food for many of the needy countries that were in need of food at that particular time.

However, after this program has been continued for these many years, and I believe about \$11.4 billion have been expended on it, we still find that we have some \$9 billion in farm surpluses at the present time.

The testimony, as I understood it before the Rules Committee, was that this bill instead of now being a program to dispose of our farm surpluses in an orderly and constructive manner, has more or less turned into a world welfare program from a feeding standpoint. I cite the testimony that about 74 percent of the particular amount that was appropriated 2 years ago, as the gentleman from Indiana mentioned, has gone to three countries; namely, India, Poland, and Pakistan.

It is very true that the last administration entered into certain agreements after we extended the act 2 years ago providing \$1½ billion for each of the years 1960 and 1961. Certain agreements were made by the previous administration last May. They have been added to in January of this year. The fund is now down to about \$250 million, and additional funds must be obtained, according to the proponents of the bill, to carry on through the balance of this particular year. This program calls for an additional \$2 billion at this particular time.

As I understand the facts, there are about \$2.2 billion that has gone to India. I mention India because I do think we should give this some consideration in view of the fact that we find the Premier of India has criticized the United States

so far as Cuba is concerned, while at the same time he has failed to criticize Russia when it took Hungary. Yet we have about \$2.2 billion in these commodities that have gone to the country of India.

Some of these other countries included in this program are Greece, Israel, India, Uruguay, Pakistan, China—that is Taiwan—Poland, Peru, Vietnam, Finland, United Arab Republic, Iceland, Chile, Yugoslavia, Spain, Iran, Korea, Ecuador, Ceylon, France, Indonesia, Brazil, Turkey, and Bolivia.

This covers quite a bit of territory.

Very few dollars of this program ever get back into the United States.

As I understand the program further, when it was started we considered various parts of it and purposes, such as grants, loans, sale, and barter. There is testimony from the chairman of the Committee on Agriculture, that he has long been strongly in favor of the barter program so that we in turn could barter our excess commodities and get sugar, tin, or other commodities that we might need.

But, as a matter of fact, apparently the State Department has taken over this program rather than the Department of Agriculture, and they direct how it shall operate. The barter is down now around \$125 million or \$135 million per year, which, from my standpoint, is the most important part of this particular bill. The bill calls for \$2 billion. There will be an amendment offered by the gentleman from Iowa [Mr. HOEVEN], the ranking minority member of the Committee on Agriculture, which calls for \$1.1 billion. In other words, the minority object to the \$2 billion and feel that the \$1.1 billion constitutes ample funds with which to carry on this program.

I call this to your further attention, that the program does expire on December 31 of this year. Consequently, hearings will have to be held shortly by the Committee on Agriculture to determine whether or not the program will be extended. I have little doubt in my mind but that it will be extended. If so, I hope that the committee will look into it from the standpoint of whether or not the Committee on Agriculture is going to continue this program with a view of disposing of these products in an orderly manner or whether they are going to continue the program through the State Department and operate it as a worldwide welfare program.

I commend the proposed amendment for your consideration. I shall certainly support it. I think this will give them ample funds. As we continue to study the program and then come on with legislation to continue it, which I think the committee will do, if more funds are needed, requests can be considered at that time.

Mr. MADDEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Rhode Island [Mr. ST. GERMAIN].

Mr. ST. GERMAIN. Mr. Speaker, it is with profound regret that I join with

my colleague, from Rhode Island, JOHN FOGARTY, in announcing the death of the beloved president of Providence College, and my fellow alumnus, the Very Reverend Robert J. Slavin, of the Order of the Preachers.

A saintly and scholarly man, Father Slavin was born 54 years ago, in Dorchester, Mass. His early desire to follow a calling to the priesthood was evidenced by his devout service as an altar boy in his parish church. Even as a young child, all his actions were directed to the service of God, and his fellow men. He was loved and admired by all who knew him, and these sentiments have been shared by all those with whom he came into contact over the years.

After graduating from Boston College High School, he entered Providence College, where he began his long years of study for the Dominican priesthood. He subsequently studied at St. Rose Priory, Springfield, Ky., St. Thomas Aquinas College, River Forest, Ill., Immaculate Conception College, Washington, D.C., and was ordained to the priesthood in 1934. He received a master of arts degree from the Catholic University of America that same year, and in 1935 he was awarded his licentiate in sacred theology. In 1936 he was granted the degree of doctor of philosophy by the Catholic University.

He served as professor of philosophy at the DePaul University, Chicago, Ill., and following this he held a similar position at the Catholic University of America. He became president of Providence College in May 1947 and continued in that office until his death 2 days ago. Father Slavin was the recipient of honorary degrees from Brown University, Bryant College, Rhode Island College, Rhode Island College of Pharmacy and Allied Sciences, the University of Rhode Island, and St. John's College, Brooklyn, N.Y. He was an officer and member of numerous educational organizations, holding membership on the executive committee of the American Council on Education, and the advisory committee to the Surgeon General of the United States on medical education.

Father Slavin is mourned not only by the faculty, students, and the alumni of Providence College, but by all the people of Rhode Island, who have benefited in no small measure from his wisdom, scholarship, and goodness. The loss to his college and our State is irreparable. The great void left by his death touches the life of every man, woman, and child in Rhode Island. His contributions to the educational, civic, and religious life of our community are so great that he will be long remembered as one of the outstanding public benefactors in the history of Rhode Island.

To his grieving father, brother, sisters, and fellow Dominican priests, we offer our most sincere sympathy. In contemplating the life and labors of the late Very Reverend Father Slavin, one cannot help but receive inspiration and courage. May Almighty God grant him the rich eternal reward he has so justly merited.

Mr. SMITH of California. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. AVERY].

Mr. AVERY. Mr. Speaker, it may come as some surprise that any Member from Kansas would take the floor to even make any adverse comment about Public Law 480. Kansas has benefited probably more under this law than any other State. Nevertheless, there is a related problem to Public Law 480, and I would feel less than responsible if I did not point out the several aspects of this to the House here this afternoon. This problem deals with the balance of payments.

On February 8, in the President's message to the Congress on the balance-of-payments problems, the President said this:

Our agricultural industry which is of unparalleled efficiency must make its full contribution to our payments balance.

Now from that statement, taken in context or out of context, I could not figure out just what it meant. Conceivably it could have meant that this administration was no longer going to support Public Law 480 because it had determined that it had an adverse or undesirable effect on our balance-of-payments problems that were so dramatically emphasized toward the end of calendar year 1960 and in the early months of 1961. Because of the apprehension that arose in my mind by reason of that statement as it presented itself, I wrote to the Secretary of Agriculture and asked Mr. Freeman what that statement meant and further what the position, if any, was that this administration was going to take on Public Law 480. Apparently Mr. Freeman was not sure what the statement meant either, because over 2 weeks elapsed before I had an acknowledgment to my letter.

His reply in effect says, Yes, this administration does believe in the principle of Public Law 480, and will ask for its extension.

Mr. Speaker, when the distinguished gentleman from North Carolina [Mr. COOLEY] was before the Committee on Rules I asked several questions as to the effect of the operation of Public Law 480 on the balance-of-payments problem. Of course, to me, representing an agricultural area, the easy position to take is that it should not make any difference, that we should proceed to dispose of all the commodities possible regardless of the effect on the Treasury. I asked the distinguished gentleman from North Carolina if he could arrange with the Department of Agriculture officials responsible for the administration of this program to get some figures to be presented to us so we might know a little bit more what was the final bookkeeping result of something like 8 years of operation of this act. Without belaboring you with a tremendous number of figures let me say this. This is a big program. Over \$13 billion worth of taxpayers' money has gone into this program. Commodities to that amount have been distributed overseas and probably very little of that money is going to be recaptured for the benefit of the Treasury or for

any of the agencies of this Government—at least proportionately very little.

Please understand, I am not saying, none, because some of it, of course, has been recovered or will be utilized in lieu of other American dollars.

Mr. Speaker, the various titles in this bill I think are interesting. Title I has been discussed by our colleague from California [Mr. SMITH] and I am sure will be discussed later in some detail by members of the legislative Committee on Agriculture. Title I is the biggest title in the bill. We have authorized already the spending of over \$9 billion in this particular area. Of the \$9 billion approximately \$6 billion has already been committed or contracted for and has actually moved into commerce or to the point of receipt. From this sale there exists at this time about \$2¼ billion of unused foreign currency. That much is unused. And how much have we used? We have used about that same amount, or \$1,715,900,000. So you can figure, roughly speaking, that we have utilized about \$2 billion, there is slightly more on deposit available for future use of the country.

I might add further that because of an amendment that the gentleman from North Carolina [Mr. COOLEY], the chairman of the Committee on Agriculture, insisted be added to Public Law 480, I think in 1958, there is about \$35 million available on a loan basis to American industry for foreign investment that would not otherwise have been available.

Title II has to do with gifts. That should be distinguished from a subsection of title III. Title II gifts include government-to-government, and under this particular title about three quarters of a billion dollars has been given outright to other governments.

Title III is very interesting and goes to the barter provision and also gifts to benevolent organizations. I think the House might be interested to know that \$1.5 billion worth of commodities have been given by Commodity Credit to benevolent organizations. The principal ones are as follows: The Catholic War Relief Services, the Church World Service—that is the Episcopalian benevolent service organization—the Lutheran World Relief Society; CARE, which is, I understand, an associated group of benevolent and religious organizations for the distribution of surplus products to foreign nations. There is also a Jewish organization called Hadassah for the distribution of food.

Not only have the commodities been given but the U.S. Government has also paid the cost of transportation of these commodities. You will recall there was in an earlier extension of the act an amendment added to the bill that the shipping must be carried in what we call American bottoms, that is, these commodities must be shipped in vessels operated by American lines. I might add parenthetically for those of you who represent coastal areas that there is a subsidy in this bill for your economic interest group, because that transportation cost is about twice what it could be

competitively if the goods were shipped in vessels under the flag of other nations. So this is not all a subsidy to the American farmer.

The other part of title III I mentioned previously, that is, the barter provision. I think the record should be abundantly clear that the House would insist that this particular authority or title be given higher priority by the Department of Agriculture. Again quoting from the distinguished gentleman from North Carolina, he said that the Department did not want to barter, they did not want to trade. They want to make grants or take soft currencies under title I we cannot use, but they are reluctant to enter into this barter arrangement. That certainly I cannot understand. I am sure the House would agree with me that more effort should be made to utilize the authority in Public 480, the barter provision, rather than through the soft currency and the gift authority. Under the barter provision there is no adverse effect on our balance of payments.

This bill should pass, but I think it is important that we look at it in perspective not only to see what it does to the Treasury but also to note the possible adverse effect it has on our balance of payments, and to further admonish the Department to increase the utilization of title III.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4728) to amend title I of the Agricultural Trade Development and Assistance Act of 1954.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 4728, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. COOLEY. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, in presenting this bill to the House I want to say I take great pride that I have participated in the preparation and passage of all bills through which we have provided programs for the disposition of our great agricultural abundance.

Some people regard our agricultural abundance as some sort of a curse or a burden. Actually, I consider it a blessing and a challenge. This abundance is a challenge to us. It is a clear indication that we have failed in the past very miserably to master the arts of distribution.

Through all the years our mothers and fathers have prayed that a merciful Lord would make our fields to flourish and our people to prosper. That is exactly what has happened here in this great Republic of ours. Our fields have flourished and our people have prospered. We have mastered the arts and techniques of production.

Our farmers have performed magnificently both in times of peace and in times of war. Notwithstanding the fact they have made our fields flourish and our people prosper, somehow men in just about all walks of life point the finger of scorn at the farmer and hold him up to ridicule throughout the length and breadth of this great country and even throughout the world. We have tried in the Committee on Agriculture, and when I say we have tried, I mean the members of both major parties have tried, working faithfully and diligently together to provide some techniques of distribution. We have granted to the Secretary of Agriculture just about every power and authority that has been requested. The outgoing Secretary of Agriculture had more money and more manpower and more commissions and more committees than any of his predecessors, and in an effort to do a good job, but the fact remains that he spent more money than all of his predecessors put together. Notwithstanding that fact, we still have an abundance of gigantic proportions, an abundance which we have tried to share with the less fortunate peoples of the world. We have given to the Secretary of Agriculture the right to sell these commodities for dollars. We have given him the right to sell these commodities for foreign currency. We have given him a right to barter these commodities for strategic materials needed in our own economy and, yes, we have given him the right to grant and to give away the vital food and fibers we now have in storage wherever a need can be shown anywhere on this earth.

It is unfortunate that we have been unable to dispose of the great abundance we have harvested. Unfortunately, our problem of abundance has been aggravated with the harvesting of every crop. Now we find ourselves with about \$3.5 billion invested in wheat alone, about \$2.5 billion invested in corn and, probably, \$1½ billion or \$2 billion in cotton, a total investment in surplus commodities of approximately \$9 billion. Commodities which we have been unable to sell or to barter away or to even give away. We have granted the Secretary the right to make these commodities available to needy people here at home—to the people in our orphanages, in our schools, and in our charitable and eleemosynary institutions. We have tried to put food into the hungry mouths of Americans, and we have made these commodities available to people around the globe and, yet, we find we are still faced with a problem of abundance.

Mr. Chairman, I will insert in the RECORD a list of the names of the countries, which have participated in this very magnanimous program during 1960 and thus far in 1961. I do not think we would have had this program but for the fact that we did have an abundance of food and fiber. I do not think we were prompted entirely by motives of generosity. This program started out to be a surplus disposal program—an international trade program—a program through which we thought we would be able to expand our foreign markets.

USE OF TITLE I, PUBLIC LAW 480 AUTHORIZATION, CALENDAR YEARS 1960 AND 1961

[Authorization of \$1.5 billion plus carryover from previous year available each of these 2 years]

Calendar year 1960

Carryover.....	Millions
New authorization.....	\$555
Total available.....	1,500

Country	Date signed	Estimated CCC cost including ocean transportation
		Thousands
Greece.....	Jan. 7, 1960	\$6,511
Israel.....	do.....	39,424
India (supplement).....	Jan. 8, 1960	52,367
Uruguay (supplement).....	Jan. 13, 1960	5,989
Pakistan (supplement).....	Jan. 28, 1960	38,650
China (Taiwan) (supplement).....	Feb. 11, 1960	9,697
Poland (supplement).....	do.....	68,558
Peru.....	Feb. 12, 1960	17,543
Vietnam (supplement).....	Feb. 13, 1960	2,059
India (supplement).....	Mar. 21, 1960	12,615
Finland.....	Mar. 23, 1960	5,311
United Arab Republic (Egypt) (supplement).....	Mar. 26, 1960	14,781
Iceland.....	Apr. 5, 1960	2,404
Pakistan (supplement).....	Apr. 11, 1960	16,326
Pakistan.....	do.....	115,033
India.....	May 4, 1960	529,750
Finland (supplement).....	May 6, 1960	100
Pakistan (supplement).....	May 27, 1960	700
Chile.....	June 2, 1960	4,207
Yugoslavia.....	June 3, 1960	26,040
Spain.....	June 22, 1960	71,637
Israel (supplement).....	June 30, 1960	7,558
Vietnam (supplement).....	do.....	1,248
Poland.....	July 21, 1960	183,581
Iran.....	July 26, 1960	12,488
India (supplement).....	July 29, 1960	68,000
United Arab Republic (Egypt).....	Aug. 1, 1960	88,176
United Arab Republic (Syria).....	Aug. 9, 1960	26,377
Chile (amendment).....	Aug. 12, 1960	350
China (Taiwan).....	Aug. 30, 1960	20,585
Korea (supplement).....	Sept. 16, 1960	810
United Arab Republic (Syria) (amendment).....	Sept. 17, 1960	1,618
Pakistan (supplement).....	Sept. 23, 1960	15,966
India (supplement).....	do.....	17,151
Iran (supplement).....	Sept. 26, 1960	16,834
Ecuador.....	Sept. 27, 1960	1,000
Ceylon.....	Sept. 30, 1960	7,200
Uruguay (supplement).....	Oct. 14, 1960	3,294
Iran (supplement).....	Oct. 20, 1960	1,217
Vietnam.....	Oct. 28, 1960	11,223
France.....	Nov. 4, 1960	2,532
Indonesia.....	Nov. 5, 1960	22,723
Greece.....	Nov. 7, 1960	15,499
Chile.....	Nov. 8, 1960	41,100
Korea.....	Dec. 28, 1960	51,900
Brazil (amendment).....	Dec. 29, 1960	57,210

Total committed, 1960..... Millions \$1,715

Calendar year 1961

Carryover.....	Millions
New authorization.....	\$340
Total available for 1961.....	1,500

Country	Date signed	Estimated CCC cost including ocean transportation
		Thousands
India (balance of 4-year agreement). ¹		\$1,589,250
Turkey.....	Jan. 11, 1961	23,478
United Arab Republic (Egypt).....	Jan. 16, 1961	4,762
China (Taiwan) (supplement).....	Feb. 9, 1961	5,790
Iceland (supplement).....	Feb. 27, 1961	75
Indonesia (supplement).....	Mar. 2, 1961	7,014
India (supplement).....	Mar. 9, 1961	43,500
Pakistan (supplement).....	Mar. 11, 1961	9,249
do.....	do.....	4,100
Vietnam.....	Mar. 25, 1961	3,425
Turkey (supplement).....	Mar. 29, 1961	19,500
Ecuador.....	Apr. 3, 1961	2,400
Iceland.....	Apr. 7, 1961	2,158
Bolivia.....	do.....	5,000

Total committed, 1961..... Millions \$1,720
Balance Apr. 8, 1961..... 120

¹ 1st year of 4-year agreement.
² Financing for last 3 years of 4-year agreement signed May 4, 1960.

In connection with the observation made by the gentleman who addressed the House a moment ago, I frankly confess that I have been disappointed, because the authority to barter these commodities away for strategic materials has not been carried out to the true intent and meaning of the law. We did barter successfully and well for more than a billion dollars' worth of strategic materials which are now worth perhaps a hundred million dollars more than they were at the time we received them; and on these materials we have saved \$105 million a year storage cost. But all of a sudden barter was stopped and our committee has never been able to find out just why barter transactions were abandoned.

It occurs to me that if my neighbor has something in abundance he does not need and I have something in abundance that I do not need, and each of us wants the thing the other has, it is only a natural and reasonable thing for us to barter and trade. If there is anything evil and unholy or un-American or unconstitutional about barter transactions I challenge anyone in or out of the Government to come to our committee room and give us the benefit of the information he has. We have asked this question in the committee room time and time again: First, why has barter been abandoned? Second, what is evil and unholy about barter? What is wrong about it? What is unwise about it?

Perhaps someone may suggest that barter transactions interfere with normal trade and commerce. I have said to those who make that assertion: Give me the facts in any one case to show where barter has interfered with the commerce of the world or with our domestic commerce. No one has yet been able to submit documentary evidence. It happens to be only the opinion of one or two men perhaps that has brought about the abandonment of our barter transactions. Barter has been placed at the bottom of the list. First is the sale for dollars, then sale for foreign currencies, then give-away provisions, then if you can neither sell for dollars, foreign currencies, or give it away, they will try to barter it away.

Then we were told we were bartering for things we did not need. Our reply was that if we were bartering for things we did not need it is not our fault, but the fault of those administering the program, because you will find in the reports of the committee that we should not barter for things not needed. So in a revision of Public Law 480 we wrote into the act as guidelines that the President must make up and provide lists of articles for which we would barter. We understand that list has been made. We also have been notified that our various agencies are anxious to use surplus commodities to barter for strategic materials needed in our defense program. Yet the whole thing seems to be stymied.

When you come to this bill it does not amend the substantive provisions of Public Law 480. We will have to bring in an extension bill at a later date during this session because Public Law 480

expires at the end of this year. This bill only authorizes the use of \$2 billion more of these commodities to be used by our Government in sales for foreign currencies to the people of other countries. Actually, I suppose that we have a great surplus not only of agricultural commodities but of foreign currencies. In the next bill we will try to provide some convertibility provision so that we can convert the currency from one country into the currency of another country.

Coming to the bill now before us, it is an authorization to use \$2 billion more of commodities. No one can say it is back-door spending, because we have already spent the money. We have already purchased and paid for the commodities. Our warehouses are bulging with food and fiber, and we know the food is deteriorating. It is going out of condition and being used for purposes other than for human consumption.

Are we going to refuse to grant this authority and abandon the Public Law 480 program for the remainder of the year or are we going to authorize the use of this \$2 billion?

Why is the \$2 billion necessary? If you will read the report you will see that in May of 1960 the President committed \$2.2 billion to one country, to-wit, India, more than two-thirds of the money available to him for the full 2 years 1960 and 1961. I understand now that they are at the bottom of the barrel and have only slightly more than \$100 million left to finish out the year. I do not say this critically, but the fact remains that the information we have indicates that of the commodities made available more than 74 percent went to India, to Pakistan, and to Poland. The rest went to a long list of little countries in small amounts.

I am not complaining about the Indian agreement, but the fact is that of the amount of foreign currency to be received by us we only actually set aside about 15 percent for our own use; 42½ percent of the remainder is to be a loan to be repaid to us in rupees, the Indian currency, over a period of 40 years. The other 42½ percent is a grant or a gift. I hope that will not be a pattern for all of the transactions hereafter to follow.

But it is a solemn commitment made in May 1960 which our Government in good faith must keep.

The question comes up as to whether or not this is a good program. I say it is a good program. I said on the floor of the House before, and I say now, I believe it has been remarkably free from criticism, remarkably free from graft and fraud, and that we have accomplished a lot with it.

I do want to conclude by saying that I think the farmer has been bearing an unfair share of the cost of our foreign policy program. Why should all of this enormous expenditure be charged to the farm program, and yet it is so charged, in the public mind?

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Illinois.

Mr. SPRINGER. May I say, as one of the authors of this program originally, I

am very much in favor of it. There was a question, however, that I did want to ask, with reference to the hearings on page 4, in which you asked these questions, Mr. Chairman:

First I would like you to tell the committee, if you can, why it is that no title IV program has been consummated.

Mr. DUNCAN. Mr. Chairman, we are certainly friendly toward title IV. We are pushing title IV. And we expect to make an announcement within the very near future of our first transaction under the program.

The CHAIRMAN. Is it not a fact that the Congress authorized programs under title IV as a loan program?

Mr. DUNCAN. That is true.

The CHAIRMAN. That is the program that contemplates sales for dollars, at low interest rates?

The question I wanted to put to the distinguished chairman of the Committee on Agriculture is, What has been done, if anything, since the date of these hearings with reference to title IV, which I consider to be a large part of the future of this program, if it is to be successful?

Mr. COOLEY. Well, I think it is very unfortunate that no transactions were closed under that title. Our committee has had information to the effect that many countries were willing to purchase these commodities for dollar credit if low interest rates could be provided and long-term payment programs could be arranged. Unfortunately, not a single transaction has been closed under title IV since we passed it.

Now, we provided that the interest rate should not exceed the cost to the Federal Government, and we recommended that it be about 2 percent, and that the commodities be sold with a repayment period of up to 20 years. Instead of taking what we provided as a maximum, the administrator provided that as a minimum, and the interest rate, I think, was above 4 percent, and no country was able to pay that high interest rate; consequently no transactions were closed.

Now, you asked me the question "What has happened since these hearings." I am told that they are working on some transactions now, and they hope to consummate at least one of them in the very near future. But, I can say to my friend that it will be the purpose of our committee to keep in touch with the situation, and to do all we can to urge, and to bring about the use of title 4.

Mr. SPRINGER. May I ask the distinguished chairman one additional question?

Mr. COOLEY. Yes.

Mr. SPRINGER. I refer to page 14 of the hearings, near the top.

Mr. IOANES. In most cases we have come mighty close to that. With regard to the Cooley provision you talk of, without identifying particular countries—I do not think we ought to do that on the record—there are two countries that refused to permit any loans to American business. The alternative is to say, "No" to them completely and not move the commodity, or to negotiate as best you can and hope that next year you will do a better job of convincing them.

The CHAIRMAN. Do you not agree that in order to move commodities you are going to have to make up your mind about that?

Mr. IOANES. Yes, sir.

Then there follows quite a statement by you as chairman, and I will not read it, regarding the long-term interest rate. I want to know why that program has not been pushed harder.

Mr. COOLEY. Well, the basic agreement must provide for the setting aside of 25 percent of the foreign currency generated by the transaction. I offered that amendment which was adopted. I was prompted to do so by many businessmen who thought that it would be a good idea, and it turned out to be a good idea. I think the program has been very wisely and well administered. But the recipient country must agree, in the basic agreement, to a set aside of that 25 percent which was referred to by the gentleman as the Cooley funds, and I think we should insist on its being in every basic agreement.

Mr. SPRINGER. Mr. Chairman, I want to say that I support the chairman in that. I think this long-term development that we have talked about basically in some of these countries ought to be carried out by loans from receipts under these programs which are there, and which stay in those countries. That seems to me one way in which we can use these counterpart funds that come as a result of these agreements, rather than coming back to the Treasury of the United States, and asking for support, as we did yesterday for some \$500 million for South and Central America. I do not say that program is wrong, but I think we can do more with this program.

In addition, I think the gentleman's committee developed in these hearings that there are large amounts of counterpart funds in many of these countries which are not being used and which ought to be loaned at low interest to businesses that can help develop some of these underdeveloped countries where these products are sold.

Mr. COOLEY. The gentleman will recall that back in the early days of the Marshall plan there was objection to our using anything that we had received of value even to pay our own expenses. Under this program we have used \$1,609 million to pay American expenses abroad. In other words, we have saved that much in dollars; we have paid that much with surplus commodities. If we could use the 25 percent set-aside for American businessmen to borrow and to build in foreign countries I think it would benefit the recipient country. Another thing that we could do to improve our situation, and we are trying to do it, is to promote better markets for our farm commodities in foreign countries. We have set-aside, I think it is 5 percent, to be used by the administration in market promotional work.

Mr. SPRINGER. Was there not some evidence, Mr. Chairman, that it was only up to 2 percent in some of these countries?

Mr. COOLEY. Yes; we authorized 5 percent, but unfortunately they have not used the money. They have used about half of what we authorized.

Mr. SPRINGER. It seems to me that some of these suggestions coming out of

the Committee on Agriculture are very good and I should hope that the gentleman's committee can stimulate whoever is in charge of this program to use some of these tools which you have given them in some of this legislation, which I think is broadly in the public interest.

Mr. COOLEY. We shall certainly continue our efforts in that direction.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from North Carolina.

Mr. JONAS. Mr. Chairman, I notice on page 11 of the hearings the gentleman from Texas [Mr. POAGE] established the fact that 42 percent of this \$2 billion Indian transaction is an outright gift.

Mr. COOLEY. The 42½ percent is a gift, 42½ percent a loan, and 15 percent is reserved for U.S. uses.

Mr. JONAS. In questioning Department witnesses, the gentleman from Texas further established the fact or in answer to his question it was indicated that the Department was not prepared to say that that policy would continue. What are the facts?

Mr. COOLEY. The gentleman from Texas [Mr. POAGE] was disturbed over the fact that the Indian agreement might be considered as a pattern for future transactions. Certainly we do not agree. I am sure we agree with the gentleman from Texas [Mr. POAGE] that it is unfortunate that the Indian agreement calls for a donation of 42½ percent of the amount involved.

Mr. JONAS. My question is: Did we get any agreement or any statement out of the Department witnesses indicating that that pattern will not be followed under this bill, or are we to assume that \$500 million of this \$2 billion will be given away instead of being traded for foreign goods?

Mr. COOLEY. All I can say is that I know the gentleman from Texas [Mr. POAGE] tried to make his position perfectly clear. I think he did. I am sure the administrators, the people in the Department, know how the committee feels about it.

Mr. JONAS. All I could get from the answers to the questions was that they would study the matter, but they made no commitment to the committee and therefore to the Congress.

Mr. COOLEY. This agreement was made in May 1960, and these are new fellows down there now. I can only hope they will not have to follow the old pattern.

Mr. JONAS. I thought we might get a commitment out of them that if the old pattern was wrong it would be discarded and would not be followed in connection with this \$2 billion.

Mr. HOEVEN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I would like to make it very clear at the outset of this debate that I favor and support Public Law 480, the Agricultural Trade Development and Assistance Act of 1954. I had the privilege of participating in the writing of this tremendously useful and constructive law in the 83d Congress. Through

the years it has been invaluable in implementing both our foreign and our agricultural policies, and its benefits have become widely recognized by farmers, taxpayers, and the general public.

The bill as reported by the Committee on Agriculture does just one thing—it increases by \$2 billion the amount of funds which can be spent during the balance of calendar year 1961 to finance foreign currency sales under title I of the act. This \$2 billion would be over and above the \$1.5 billion already authorized and already spent.

You will note that the minority members of the Committee on Agriculture signed a minority report as to the \$2-billion authorization, contending that the Department of Agriculture had not justified their asking for \$2 billion. They did justify their asking for \$1.1 billion. Our minority had in mind that in view of the large expenditures being made under Public Law 480 and the large expenditures contemplated the Congress should not authorize the appropriation of more money than was obligated.

I think it stands to reason that that should be done not only for the protection of the program but to relieve it of any criticism by having it said that we are issuing blank checks for agreements which are still in the embryo stage and have not been entered into. So I propose to present an amendment at the proper time to reduce this \$2-billion authorization by \$900 million, which would authorize then the expenditure of \$1.1 billion in addition to the funds which they already have on hand.

It is our contention that they have ample money to carry on this program for the balance of the calendar year 1961, and that is all that the \$2 billion authorization applies to.

I think I should point out at this time that it is necessary to extend Public Law 480 before this session of Congress adjourns in that the act will expire on December 31, 1961. I understand that full and ample hearings will be held within the next few weeks at which the extension of Public Law 480 will be considered, and at that time whatever new authorizations are ready or are justified I am sure will be approved.

I certainly want to vote for all the authorization money that is necessary to carry on the program, but I am quite skeptical of this idea of authorizing the appropriation of money for agreements which, as I say, are still in the embryo stage and have not come into being. As far as the amount of money on hand, which has been referred to, the balance on April 8, 1961, was \$120 million. That is in addition to the \$1.1 billion that has previously been authorized which will amount to the sum of \$1,220 million for the balance of the year 1961.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Texas.

Mr. POAGE. What \$1,200 million is the gentleman referring to?

Mr. HOEVEN. I am referring to the \$1.1 billion that has been already authorized and committed, as I understand it.

Mr. POAGE. I do not understand. Let us see if we cannot understand it. What figure of \$1,200 million is there?

Mr. HOEVEN. According to my figures, the balance as of April 8, 1961, is \$120 million.

Mr. POAGE. Yes, that is right.

Mr. HOEVEN. And the new authorization for the calendar year 1961 is \$1,500 million.

Mr. POAGE. Where is that now? That is the one-half of the \$3 billion authorization which was made; is that what you were referring to?

Mr. HOEVEN. Yes, that is right.

Mr. POAGE. Yes, that is correct, but if I understand it, that money has long since been committed and at least most of it was committed prior to the 20th day of January 1961.

Mr. HOEVEN. All I know about it is on page 2 of the document handed to me this morning—it says, "carryover \$340 million."

Mr. POAGE. The carryover, beginning the 1st of January 1961; that is correct.

Mr. HOEVEN. Yes.

Mr. POAGE. But on the 20th day of January 1961, that is not correct.

Mr. HOEVEN. It says the new authorization for the calendar year 1961 is \$1.5 billion.

Mr. POAGE. That is correct, but by the 20th day of January, that was not correct; was it?

Mr. HOEVEN. The total available for 1961 was \$1,840 million and they committed in 1961 \$1,720 million, leaving a balance on April 8, 1961, of \$120 million.

Mr. POAGE. That is correct so there is only \$120 million left.

Mr. HOEVEN. I imagine under that kind of analysis, the gentleman from Texas is correct.

Mr. POAGE. So it is not fair to say that \$1,700 million is to be available to carry on this program. There is only \$120 million, or there was, 3 weeks ago.

Mr. HOEVEN. I refer to the new authorization for the year 1961, and it is all in the same figure.

Mr. POAGE. That is correct, but 4 months of the year 1961 have gone by.

Mr. HOEVEN. I appreciate that fact, and the gentleman may be correct in his analysis, and if we can correct the record in that respect.

Mr. POAGE. I want to make sure that we are not saying there is \$1,700 million available at this time, because it is not there.

Mr. BOW. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Ohio.

Mr. BOW. Looking at your record on page 9 of your hearings, the chairman said:

How much money do you have now uncommitted?

The answer was, "\$150 million."

Since the time of the hearings, up until the date of April 8 that you have on this other statement that I find here, there was \$20 million committed. So, according to your figures before us here, you have \$120 million uncommitted. I think the gentleman from Iowa is correct.

Mr. HOEVEN. That is correct.

Mr. BOW. At least, if your hearings are correct, then you are correct in your statement.

Mr. HOEVEN. That is correct; there is no argument about that.

Mr. POAGE. That is exactly the point I was raising. The gentleman said that \$1,700 million is presently available. There is only \$120 million, and that is exactly the point the gentleman from Ohio has made, and that is exactly the point the gentleman from Iowa now confesses. But there is not \$1,700 million available at this time, as the gentleman from Iowa first said:

There is only \$120 million.

Mr. BOW. One further observation, I confess surprise to find further in the same statement that there is approximately \$150 million still uncommitted—now \$120 million—and reference to \$2 billion. Listen to this language: "The small balance of \$2 billion." I am a little startled to find that people are coming up from downtown and speaking of \$2 billion as a small balance.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. WHITTEN. I notice here that in the debate the phrase "moneys available" is used frequently. Unfortunately, if the gentleman will permit, there is not any money available. The bill itself authorizes the Department to enter into agreements for the sale of commodities for which this Government is to receive foreign currencies which are not convertible.

The point I would like to make to the gentleman here is that the Commodity Credit Corporation had practically all its funds exhausted a few months ago, and the Congress refused to restore that capital impairment. The Corporation can get its funds in two ways: First, through the appropriation process where we put up American dollars for that which they sell for foreign currency, or they can sell for dollars and have those funds available.

So I may point out again that this bill under which we are selling commodities for which we paid American dollars, selling them for foreign currencies which are not convertible, the Appropriations Committee will be called on to appropriate dollar for dollar every dollar amount which is before us. I think that any effort to go overboard in this program with commodities that otherwise could be used under payment in kind to help bring our production in balance is costly, because if we could use these commodities to bring our production in balance we would save the price support cost of those products in the amount that production is reduced.

I thank the gentleman, and I would like to point out again that there is no money available now and there will not be. Actually what we do here will call for providing money later.

Mr. HOEVEN. May I ask the gentleman this question: Does the gentleman believe we should authorize appropriation of money which has not been justified by the Department?

Mr. WHITTEN. What we do here is commit ourselves to future appropriations. I think there should be ample justification before the committee for these expenditures before we have to bring in the appropriation bill paying these costs. We must do that in the next several weeks. The bigger the amount here, the bigger our appropriation request must be.

Mr. HOEVEN. I am glad the gentleman has made his position clear. That is exactly my position, and in the judgment of the minority there is no ample justification for more than the \$1.1 billion for the remainder of the fiscal year 1961.

Before this session of Congress adjourns we will again consider the authorizations which are justified at that time in connection with the extension of Public Law 480—it must be extended this year. I do not think we should issue a blank check unless it is justified.

I just want to make myself clear again that I do not think they have justified their askings. I am willing to authorize money to carry out the items if they are justified. Certainly the American taxpayers have the right to expect that the expenditure of some \$900 million will not be authorized by the Congress without a program being submitted, or that the \$1 billion will be authorized based on pure speculation without actual agreements or without even potential agreements reduced to negotiations. Certainly it is not expecting too much to have them justify their asking.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. JONAS. In view of the comments of the gentleman from Mississippi and those of the gentleman from Iowa, I think the record should be crystal clear that whatever we do here today in authorizing commodities to be given away, exchanged, or traded for foreign currencies, ultimately this Congress will have to put up the money to replenish the CCC in a subsequent appropriation bill.

Mr. HOEVEN. That is correct.

Mr. JONAS. I am not opposed to the program—I voted for it and for its extensions and am in favor of extending it today—but I think we ought to understand what we are doing. We are not simply trading commodities we have in storage for foreign currencies. We are committing this Government and this Congress for a future appropriation to pay for the cost of those commodities.

Mr. HOEVEN. May I say to the gentleman I was interested in his inquiry about the grant to India. The largest part of this authorization and agreement last year was to India, supplemented in the year 1961. Forty-two and one-half percent of that going to India was a direct grant.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HOEVEN. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, I suspect in view of the rivalry between India and Pakistan that Pakistan will have to be afforded the same kind of treatment.

Mr. JONAS. May I say to the gentleman that is the reason I asked my colleague from North Carolina the question, because as I read the colloquy between the gentleman from Texas and department witnesses, it was clearly established that \$500 million of this \$2 billion involved will be an outright gift. You received no commitment from the department witnesses that there will be a change in the pattern. All you received were assurances that the subject was being studied; is that true?

Mr. HOEVEN. That is correct.

Getting back to this authorization, let me point out that on January 9, 1961, the Eisenhower administration asked for an additional \$1.1 billion, the exact amount contained in my amendment. The Department asked for the additional \$1.1 billion, some \$900 million less than that provided in this bill. In a letter to the Congress requesting \$1.1 billion, the Department justified that amount and nothing more.

Let me point out the thing that concerns those of us on the minority side. The original purpose of Public Law 480 when enacted was for the orderly disposal of surplus agricultural commodities. We had a great surplus then, and we have it now. It is interesting to note that in spite of the tremendous job we have done in disposing of agricultural commodities to date under Public Law 480, in excess of some \$9 billion, we still have invested in the Commodity Credit Corporation about \$9 billion or more. In spite of all of our efforts, we have a continuing problem.

It seems to me that we are departing from the original purposes of Public Law 480, to-wit, the orderly disposal of surplus agricultural commodities. I can see in the offing a great program for world relief and welfare. It is admitted by the Department of Agriculture that this is their purpose.

In the testimony of Mr. John P. Duncan, Jr., Assistant Secretary of Agriculture, on March 15, 1961, before our committee, he said, among other things:

The American farmer is efficient and productive. And this capacity offers great opportunities to feed needy people in this country, particularly in depressed areas.

There is also great opportunity to attack hunger and malnutrition overseas.

At this point, I want to make clear the administration's position on farm abundance. We do not view it as a problem which forces us into a surplus disposal operation. We do not view it as a national catastrophe. Rather we believe U.S. farm productivity is a national blessing.

This all seems to indicate that we are departing from the original purpose of Public Law 480 and that we are now embarking on a world relief program. Now, if that is the policy of this administration, then let them charge these expenditures to the proper agencies of the Government involved. I, for one, am getting fed up with the Department of Agriculture being charged with all of these expenditures when a large part of it should be charged to the Department of State and a large part of it should be charged to the Department of Health, Education, and Welfare and not charged

to the American farmer and the Department of Agriculture.

I suggested to Department witnesses before our committee on this bill that I thought it was high time to start to do some bookkeeping and that the Department of Agriculture should only be charged for those items which truly should be charged to the Department of Agriculture. For instance, take the school lunch program. It started out during a period of surpluses and has now become a permanent part of our way of life, which apparently cannot be changed. The milk program is also a good thing. Still, both of these programs are charged to the Department of Agriculture whereas the school lunch program and the milk program benefit all the children of the United States and contribute to their general welfare. The same way with these vast expenditures for foreign aid and foreign relief. Why should they not be charged to the Department of State and not to the Department of Agriculture?

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Do I understand, then, that if, for example, food was furnished to these distressed areas, that would be charged to the Department of Agriculture?

Mr. HOEVEN. Exactly.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Iowa.

Mr. GROSS. Did I understand the gentleman to say that \$1.1 billion had been justified?

Mr. HOEVEN. Has been justified, yes.

Mr. GROSS. Since when did justification have any meaning around here? I seem to recall that yesterday we passed a bill for \$600 million that had no justification whatever.

Mr. HOEVEN. I think the gentleman is correct in that assumption.

Mr. GROSS. I just wondered whether justification meant anything.

Mr. HOEVEN. As far as this bill is concerned, there is no justification for the \$2 billion. We should not give them any more money than they can actually use at this time, in view of the fact that we will, within a few weeks, take another look at the situation.

Mr. HOFFMAN of Michigan. Mr. Chairman, if the gentleman will yield further, What is the difference in principle between these proceedings today and the one yesterday?

Mr. HOEVEN. Well, the principle may be the same, but involved in the debate on yesterday was the serious problem involving foreign affairs and the security of our country.

Mr. HOFFMAN of Michigan. That is to say, we were all frightened yesterday, and it had to be done right then.

Mr. HOEVEN. The gentleman can draw his own conclusions and make up his own mind on that.

Mr. GROSS. Everything is peace and light today; is that right?

Mr. HOEVEN. Now, I would like to say another thing which concerns me

somewhat relative to the beneficiaries of our bounty. Reference was made to Mr. Nehru of India. He has seen fit to criticize the U.S. Government for its action in relation to Cuba. I have taken from the same issue of a Washington paper an item covering the criticism by Mr. Nehru of the United States in that regard, and turning to another page of that same paper I find that India is to ask for \$638 million foreign aid from the United States. I do hope that all of these agreements are carefully analyzed, and that we be generous to our friends who will stand with us when the chips are down.

I simply want to point out that I think all we should authorize at this time is \$1.1 billion, as provided in my amendment. The \$900 million is not justified at this time in view of the fact that within a few weeks we will review this entire picture, and we then can authorize whatever can be justified at that time.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Illinois.

Mr. SPRINGER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SPRINGER. Mr. Chairman, the purpose of H.R. 4728 is to authorize the President to enter into agreements during the 1961 calendar year calling for the sale of an additional \$2 billion of agriculture commodities under the Agriculture Trade Development and Assistance Act of 1954, which is better known as Public Law 480.

My colleagues will remember that this law was extended in September 1959 to December of 1961.

There has been no more far-reaching law in all of our history to dispose of agricultural produce than this act under debate today. In a period of some 6½ years, we have sold over \$9 billion of agriculture produce outside of the United States. These sales have extended from Argentina to Iceland and from Spain to Indonesia. The greater portion of the agriculture products disposed of have been those under price support, and more immediately those in which we have a vast surplus. The contracts for sale as of March 11, 1961, were a total of 225. This means that we have been active in the international field in disposing of surplus agriculture produce in this country. The law has been of tremendous assistance to agriculture generally. I can speak with some authority when I say that this law has almost been a salvation in the soybean field. For many years when we ran a great surplus of soybean oil we have been able to dispose of it in countries where shortages of oil have occurred. In 1957 and 1958, soybean oil took the place of olive oil in the Mediterranean countries from Spain to Greece.

Since World War II, the originators of soybean processing—the Japanese—have been cut off from their previous source of supply, which was Manchuria. In many years during the 1950's, the

United States sold in excess of 40 million bushels a year in the Japanese market.

Recently, additional new requests have been received from countries abroad. We are now in the process of winding up negotiations with India for approximately \$2 billion in sales over the next few years. Pending also is another rather large contract with Pakistan. Both of these are underdeveloped areas of the world where approximately 200 million people are ill fed 365 days of the year.

As everyone knows, American agriculture has been producing far more agricultural commodities than can be sold through the normal channels of trade for consumption at home and abroad. Public Law 480 has been the major instrument of the United States in making use of this abundance in countries throughout the world. It is the keystone of our use of agricultural surpluses to help friendly nations in need of assistance.

From 1954 through December of 1960, we have sold abroad the following agricultural commodities: 1,437 billion bushels of wheat; 288 million bushels of feed grains; 49 million hundredweight of rice; over 5 million bales of cotton; more than 4 billion pounds of fats and oils, the major portion of which was soybean oil; and 113 million pounds of meat. The size of these sales almost staggers imagination.

In many areas of the world, we have been granting economic aid to underdeveloped countries in the form of loans and grants. We have used the foreign currency resulting from these sales in that economic development instead of American dollars. To the extent that foreign currency has taken the place of dollars, the outflow of gold from the United States has been stopped and dollar appropriations for expenditure abroad have been unnecessary.

It is essential not only to agriculture, but also to the general welfare of this country that this program be continued.

Undoubtedly title I of Public Law 480 has been the major use for sale under the program. I do think it important at this time that no opportunity should be lost to take full advantage of every opportunity to explore other ways of disposing of surplus agricultural commodities under other titles of the bill. My colleagues will recall my comments of a few moments ago to the chairman of the House Committee on Agriculture. In those comments, I tried to be constructive. It is my belief that title IV of this bill could be used to a greater extent than it has in the past. Title IV is a loan program and contemplates covering a great many years. This gives constancy to the program and gives countries purchasing from us a chance to make long-term commitments, based upon the needs for individual years.

I was happy to see that the Department of Agriculture stated on page 5 of the hearings on this bill as follows:

Mr. Chairman, we are certainly friendly, as I said, toward the title IV authority. We have already begun moving in this direction. We are pushing title IV. And we are right now on the verge of signing an agreement with a foreign country for our first sales under the program.

The Cooley amendment has a great many advantages. Under that program, counterpart funds could be used to permit loans to American business to develop backward countries. This in turn would provide much-needed jobs to those areas which have immense populations and great underemployment. This again would substitute for American dollars which we are providing in many instances to develop and assist underdeveloped countries.

I note again on page 16 of the hearings that the committee has under consideration its own thinking on trying to eliminate barriers to trade for American products in countries benefiting by Public Law 480. If we do business with those countries under Public Law 480, it is entirely reasonable that they should not throw barriers or tariffs against agricultural produce which is not subject to Public Law 480.

We have for many years been trying to break down barriers to world trade in agricultural produce. The United States ought to be able to sell agricultural produce in any part of the world without local quotas or local tariffs against our produce. It is my hope that the House Committee on Agriculture, and its great chairman, will continue to follow this matter, using all of the legislation we have in Public Law 480, to force countries accepting the benefits of Public Law 480 to grant entry to our other agricultural products.

A fourth matter of considerable importance is the attempts that should be made under this bill to promote markets for our agricultural produce abroad. At the present time, 2 percent of the counterpart funds are subject to convertibility for this purpose. I realize there has been resistance to this by the countries having counterpart funds under this program. The chairman of the House Committee on Agriculture, on page 18 of the hearings, states:

Would it not be an advantage if we increased that 2 percent to, say, 10 percent convertibility for this purpose?

It appears to me that 2 percent convertibility is very low for use in promoting our agricultural program for sale of other products abroad. Ten percent is certainly reasonable. We ought to make every effort to dispose of surplus agricultural commodities not only under this program but also just in the open market.

Mr. Chairman, I was one of the five authors of Public Law 480, the Agricultural Trade Development and Assistance Act of 1954. What appeared at that time a radical departure from the normal pattern of trade which we had followed for over 150 years, has been a tremendous success. It was a breakthrough for American agriculture in world markets. Some parts of the program have followed much in line with the popular words "Food for Peace." There is no greater weapon we have in the battle against world communism than the tremendous surplus of agriculture which is grown in the United States every year. This surplus should be considered a blessing. I believe that most people do believe it is a blessing, whether they live on the farm or in the city. Our real

problem has been to get worldwide distribution for American agricultural produce at reasonable prices and under programs which are adaptable to our economy. Public Law 480 has been the greatest instrument we have had in my lifetime for the sale of American produce outside the continental limits of the United States.

The enactment of H.R. 4728 will give continuance to that program and do much to strengthen American agriculture and win friends throughout the world, whom the United States needs in this precarious moment in history.

Mr. FINDLEY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FINDLEY. Mr. Chairman, I believe public hearings should be held before further authorizations are made under Public Law 480.

There are strong indications the original goal of the program—surplus disposal—has been scrapped in favor of a gigantic worldwide welfare program. Public hearings would make clear the new nature and new goals of the program and would enable the Congress to measure its full implications and determine the effect on foreign and domestic agricultural markets.

If Public Law 480 is to be primarily a welfare program, bookkeeping should be changed so that the cost is charged to welfare, not to the farmer, and procedures should be changed to prevent opening the floodgates for back-door spending.

Our Nation faces a serious balance-of-payments problem. Before any further agreements are consummated, consideration should be given to adding "spending by U.S. tourists" to the list of approved uses for foreign currencies acquired under this program. Tourists could exchange dollars for local currencies at the embassy upon entering the country. This would help to reduce the outflow of dollars.

Mr. COOLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, it is most difficult to discuss a problem when the opposition alleges its great devotion for and support of the program; but the sole question here is whether you are going to pay the previous administration's obligations only or whether you are going to continue this program.

The gentleman from Iowa [Mr. HOVEN] repeated several times that the minority—every member of which on our committee signed the minority report—was anxious to carry on this program, was anxious to provide all the funds necessary, but that \$1.1 billion had been documented and had been justified whereas the additional \$900 million had not been justified.

From his standpoint he is exactly correct. The previous administration recommended \$1.1 billion as of January 9, 1961, as being the amount necessary to carry out the obligations already incurred by that administration—that is,

incurred or under negotiation at that time. In other words, it took exactly \$1.1 billion on the 9th day of January to complete the obligations of the administration. If you are willing to say that you want to saw this program off as of the 9th day of January, and say that you will carry out the obligations created by the previous administration but will provide no funds whatever for any new obligations; if you are unwilling to proceed with anything new, but simply want to stop right where the previous administration said they had gone, then you want to vote for the proposal to cut this down to \$1.1 billion because that is all that was justified on the 9th day of January in 1961. But if you want a continuing program—I do not know whether you do or not; I do—one which will enable the present administration to sign some contracts, too, then you are going to have to provide for the use of more of these surplus commodities. You do not have to provide for the appropriation of new moneys. We have already paid for these commodities. But you have got to authorize the use of these commodities for this program and you have got to authorize the use of more than the amount the previous administration had already committed.

We have to go from the 9th day of January 1951 on which this last report was based, until the 1st day of January 1962. It does not make any difference if we are going to bring in another 480 bill here in the next few months, because that bill is going to start its effectiveness on the 1st day of January 1962, and you have the time between now and the 1st day of January 1962, for which you had on the 15th day of April authority to use \$120 million of these surplus commodities.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from North Carolina.

Mr. COOLEY. I would like to reemphasize the fact that the gentleman has pointed out, that the previous administration allowed \$2.2 billion to India, which was two-thirds of all the money available. That same administration negotiated transactions totaling an additional \$1,250 million which are ready now to be closed. If you take the \$1.1 billion you will not even have enough money to close those transactions. We will be out of business from now to the 31st of December.

Mr. POAGE. The previous administration had committed this money at a rate about 50 percent in excess of the authorization by the Congress up until the 20th of January 1961. They had made commitments at a rate of about 150 percent of what the Congress had authorized up to that time. If we stopped right now we could not carry on any substantial additional program. As the gentleman has just pointed out, the past administration committed \$2.2 billion in the Indian agreement. Now it is suggested, "Well, you won't do anything for Pakistan." Can this Nation do business in this world on that sort of basis? giving India \$2.2 billion and saying to Pakistan, their neighbor, who

is our military ally—and India is not—“No, the Congress would not authorize the use of any of these surplus commodities after the 20th day of January 1961. After that time the Congress did not want us to use any of these commodities.”

Mr. COOLEY. One other observation: Unless this bill is passed as we presented it, the negotiations now being conducted with Brazil over an agreement would have to be abandoned. We would just be out of business.

Mr. POAGE. All but \$120 million of these negotiations will have to be abandoned. There is \$120 million that can be used to fulfill those obligations, and that is all that can be used from now until 1962 unless you pass this full amount rather than this bobtailed amount which pays the debt of the past administration, I grant you that, but is it honest, is it fair, for this House simply to pay the debts of a past administration and say to the present administration that you are absolutely hamstrung? One could take that position, all right, if he wanted to, but it does not seem to me he can very consistently take that position and at the same time say, “We believe in this program, we are thoroughly sold on this program, we want this program to go on, but we do not want the new administration to do anything about it. We are glad to pay the debts of the past administration but we are not willing to let the new administration do anything about it.”

Mr. COOLEY. I want to emphasize one other fact. We have talked about these programs for many months and years during the past administration and the present administration. This would end the food for peace program.

Mr. POAGE. It will end the food for peace program. It will end the 480 program. What disturbs me so badly, because these are able gentlemen, is that they get up here and say, “We ought to have a continuing program, we ought to have something these people can rely on from year to year,” and then they deny the new administration the right to use these surplus commodities. Gentlemen, we must give foreign countries a long repayment period. I agree. I introduced legislation to do this last year. Yet I saw another minority report last year which would have prohibited this committee and this Congress from authorizing that long period of time or those low interest rates which were spoken of with so much gusto just a few moments ago. I know where the votes came from which killed that low interest rate, and you do too. I know where the votes came from which prohibited us from making a 10-year agreement with anybody, and you do too.

It is perfectly all right for anybody to hold those views, but how can they hold those views and at the same time tell this House, “We must have a program of longtime commitments where these people can rely on what they are going to get for a long period of time to come.” If you are going to cut this off and just pay the debts of the past administration, you are going to do absolutely nothing in the way of providing exactly the kind of program we

are told we need, and which I believe we need. I think we do need a long-time program. I think we do need a low interest rate, and I mean a 2-percent interest rate.

I want that to be clear right now, because I do not want somebody to go home and say that I said the United States should buy something up and pay 4 percent and then lend it out at 2 percent. We are paying about 14 percent or more a year costs to carry our surplus commodities. If we are selling these commodities and get 2 percent a year, it seems to me we are making a rather substantial profit rather than taking any substantial loss. That is what I am pleading with you to do.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from North Carolina.

Mr. COOLEY. The storage costs are going to run about \$1 billion a year; is that correct?

Mr. POAGE. That is correct; yes.

Mr. HOEVEN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I hope the House will not get the impression that the amendment proposed for \$1.1 billion is going to wreck the Public Law 480 program. It only applies to the calendar year 1961. They have a working balance of \$120 million. The amendment provides for an additional \$1.1 billion, which would make \$1,220 million. The committee will act on new authorizations within a few weeks, I am sure, in connection with the extension of the law.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from North Carolina.

Mr. COOLEY. The \$1,100 million will not even be enough to meet the \$1,250 million worth of transactions now ready to be closed.

Mr. HOEVEN. Again I say there was no justification shown for more than \$1.1 billion.

Mr. COOLEY. That was to meet prospective present commitments, but not future operations.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOEVEN. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. McIntire].

Mr. McIntire. Mr. Chairman, a report of the committee on page 9, I think, would offer some enlightenment relative to this discussion. I would call your attention to the fact that the reference there is to a billion dollars of these contracts ready to be closed in that item; No. 2 of which the title says, “programs under development resulting from country requests.” Do not let us get confused with the quotation of \$1,100 million or \$1,200 million worth of contracts ready to be closed with this figure. This figure is simply formal requests on file with the Department, and there are many of these requests made which never result in any contracts. I would also call your attention to the fact that item 3 is an additional \$600 million for which the title here says simply, “Additional programs expected.”

This is not, certainly, in the context of requests. It is not in the context of contracts ready for closing because item 1, as presented in the majority report, says that as of this time there is \$50 million worth ready for closing.

There are \$50 million worth of negotiations which are ready for closing. There is \$1,250 million which is the total of requests made but about which there is no definite assurance that contracts will be signed. The statement is made that at the present time a contract of \$1 billion is being discussed with Pakistan. Assuming that that is negotiated, there is room enough in this balance proposed by the minority to cover this contract and leave \$220 million more. Admittedly, this is close budgeting, but we are dealing here in sums which I think justify close budgeting. I think they justify serious consideration, and even if there is only \$200 million left for the calendar year 1961, as the gentleman from Texas [Mr. Poage] mentioned, the extension of this act does not go into effect until the beginning of the calendar year 1962, but we do have \$220 million to cover these other negotiations which may reach the point of contract within the balance of the calendar year. This is very close financing, but I think we need justification of these items. This is the position of the minority as set forth in their report.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. McIntire. I yield.

Mr. HOEVEN. I agree with the gentleman that we must meet the commitments covering agreements already made. I would like to point out to the membership of the House that in the omnibus farm bill now being considered by the Committee on Agriculture the Department is asking for an authorization of \$7.5 billion during the next 5 years at a rate of \$2,500 million a year. Someone has not been at all careful in their figuring, because the entire sum of \$7,500 million would be expended in 3 years at that rate. I do think it is high time we weighed our financial situation as far as these negotiations are concerned.

Mrs. MAY. Mr. Chairman, will the gentleman yield for a question?

Mr. McIntire. I yield.

Mrs. MAY. The gentleman, I know, has been very faithful in his attendance at the committee hearings. I wonder if he recalls any testimony on the part of any Government official that indicated that if the full amount they requested were not appropriated the program would come to a halt as indicated by certain Members on the other side of the aisle?

Mr. McIntire. I fail to recall that, and I would refer my colleagues to a publication which I think is available on the floor. This has been referred to before. In this it is indicated that there is—this calendar 1961—\$340 million available as a carryover from the authorizations of 1960. New authorizations of \$1,500 million, making a total of \$1,840 million.

I would suggest that the proposal of the minority to add \$1.1 billion would

make \$2.9 billion, and if I read the report correctly, and in reference to picking up the tab for previous administrations, this did not total the \$2.9 billion which the minority is proposing for the balance of this year and which was the minority proposal. We do have sufficient funds to cover what we feel has been amply justified and can be shown to be justified, leaving a balance for the remainder of this calendar year. I do not recall that there was any comment made of the nature to which the gentlewoman has referred.

Mrs. MAY. Nor do I. Would the gentleman agree there is not necessarily any conflict of principle here with those of us who are enthusiastic supporters of the program, Public Law 480, because it has been successful, and administered well, as a program to disburse our agricultural surpluses, and our desire to see that this program is administered on a sound financial basis? Or because we believe that the testimony to be brought to our committee on behalf of requests for funds should have facts and figures to back it up?

May I call something to the gentleman's attention that happened yesterday. We passed a bill in this House yesterday which made appropriations to the inter-American social and economic cooperation program and the Chilean construction and rehabilitation program. The gentleman remembers in the report on that bill the committee expressed some grave misgivings about lack of justification of requested funds, although they recommended passage of the bill. I quote from that report:

However, officials of the executive branch were unable to tell the committee in what countries, what projects, give precise estimates of cost, or any other useful data of the type and in the detail normally required to be furnished by U.S. Government departments and agencies in budgetary justification of projects.

I would say that there is a most distressing similarity here between this report and the minority report on the bill before us today.

I quote from this report:

Department witnesses admitted they did not have program commitments for the additional \$900 million, that they were merely speculating.

Further down on page 13:

The requests for amounts in excess of \$1.1 billion were based on departmental speculation over possible agreements and not on actual agreements or even potential agreements reduced to negotiation.

Many of us in this House grow increasingly concerned with the number of times the Members of this body are called upon to make what might be referred to as halfhearted votes on behalf of programs in which we believe very strongly. I think perhaps those representing the various departments of our Government might well take warning that they may contribute to the eventual defeat of those very programs in which they most believe by inadequate testimony on behalf of the funds they seek to continue these programs.

Mr. McINTIRE. I appreciate the comment of the gentlewoman from

Washington. I would say that this program has involved some \$13 billion, of which \$9 billion has been used in Title I. I do not think it is at all to be considered destructive criticism when some of us think of \$2 million as not being trivial funds, and that the \$7½ billion which is requested in the bill before us by the Committee on Agriculture is not a trivial sum. I think when some of us are concerned about these matters and do look for ample and specific justification, we are discharging a very substantial part of our responsibility to those whom we are entrusted the responsibility of representing here in the Congress. Two billion dollars is not a trivial sum. We just think we will destroy this program as well as others which may have very substantial merit if we consider these authorizations as just something we can pass easily and willy-nilly without being able to show on the record that we have been diligent in relation to the taxpayers' money.

I think this bill does not have ample justification in it for the \$8 billion. I think the record has shown we feel there has been ample justification for the \$1.1 billion.

Mr. Chairman, it will not destroy the program in any degree if this \$1.1 billion is approved.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. CURTIS].

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise to discuss this program with regard to its foreign policy implications. Our Foreign Affairs Committee is concerned both with the amount of aid that is given through Public Law 480 and the use that is made of the counterpart funds, the local currencies which came to the United States.

I favor the objective of the program. I favor handling it generously and feeding the hungry from our huge surpluses. But, I feel that in some respects this program is getting out of hand and ought to be looked at pretty carefully in view of the huge amounts of money that are involved.

The first point I want to raise is the impact of this tremendous generosity of our country on the receiving countries, and I quote from a report that came to me a few days ago from Mr. George McGovern, special aid to the President. He says:

Many of these transactions, though generally assumed to be sales, will probably, in their true effect on the United States, turn out to be largely grants.

Of course they are grants. The commodities are usually paid for in local currency, and we have so much local currency that we do not know what to do with it. In many cases it would cause tremendous dislocations if we tried to spend those moneys.

As to the impact on the receiving country, Mr. McGovern says:

Whether these transactions are sales or grants in their ultimate impact on the American taxpayers, they certainly appear as purchases to the average citizen of the recipient country. Food acquired from the United States enters the country through the usual commercial channels and is placed on sale

in the same manner as agricultural commodities produced in the country in question or imported in some other way. Individual citizens purchase the products in the usual way from the retailers. The net benefit of the transaction is spread over the entire population but in an indirect manner not apparent to the individual citizen. Specifically, the net effect of any transaction of this kind is to keep food prices down, thus helping all income classes. As food expenditures contribute by far the largest share of total expenditures among the lower income groups, low food prices are, of course, most beneficial to them. Furthermore, as higher prices might cause groups at the lower end of the income scale to curtail their purchases below reasonable minimum standards, the effect is to reduce hunger in these lowest groups. At the same time, it must be noted that concessional sales do not reach those groups of the population which are so very low on the economic scale that they have insufficient funds for the purchase of food.

In other words the food acquired from the United States goes into those countries through usual commercial channels and is placed on sale in the same manner as agricultural commodities produced in those countries or imported and paid for by the citizens of those countries.

We spend these billions of dollars feeding these people, and in many cases they never know it; and meanwhile the Soviet bloc nations are spending their money on propaganda and subversion. We feed the people, but they win their hearts.

Now, the second point is this: We have heard discussion here today as to whether this program costs us anything. Mr. Chairman, I was amazed when we refused a foreign aid grant to a friendly country to hear the statement made that they would be just as well off getting some surplus agricultural commodities under Public Law 480. And, I say to you—and if I am wrong, I want to be corrected—that if we sell \$5 million of Public Law 480 products to a foreign country, it is just as expensive to our country as though we appropriated \$5 million and gave it to them as a foreign aid grant to be used for securing those products.

Finally, I think we need a further understanding of this bill. I notice a statement in the report which says:

The committee believes that the programs carried out under the authority of Public Law 480 are too well known to the House to require a detailed description in this report.

Mr. Chairman, I consider that one of the overstatements of the year. This is a difficult matter to understand and follow through. I, for one, wish that our committee would detail some of the specific transactions so we could follow them through and see how they are handled.

I have one further point on that. It is generally represented that this program is a way of disposing of surplus agricultural products that are piled up in the bins of the CCC. Most of the literature on the subject gives that impression. The committee in its own report says that this program has been a major factor in moving these surpluses from CCC storage bins. But, Mr. Chairman, I understand that in many cases these commodities, as a matter of fact, are not taken from the storage bins. The re-

cipients in effect come in and buy these commodities on our market. I ask the chairman of the committee if that is not true.

Mr. COOLEY. What is the question exactly?

Mr. CURTIS of Massachusetts. In many cases credits are set up here, for which we have to pay, and the foreign countries receive these commodities from our open market, instead of from the bins of the Commodity Credit Corporation. I know that is a fact and I hope that the chairman will tell us what proportion is involved.

Mr. COOLEY. About 99 percent.

Mr. ALGER. Mr. Chairman, if treason is defined as giving aid and comfort to our enemies wherein does this Public Law 480 differ from treason in giving aid to Yugoslavia, Poland, and India? How can we justify \$2.2 billion of aid to India in 2 years and then vote even more when Nehru of India is attacking us and our policies. Are we crazy? Yesterday we voted \$500 million to inter-American nations without being assured the money would go to sympathetic friends pledged to our support and the support of this hemisphere. Have we already disregarded the fact that Cuba has fallen to the Communists? And now we aid further Communist Poland and Yugoslavia. We must be going insane. What is the matter with us?

Public Law 480 originally was intended to be an agricultural surplus disposal program. Now it has become a gigantic worldwide welfare program, requiring the perpetuation and growth of surpluses. The original end goal has now become the means, and so we go on like a dog chasing its tail. How can we eliminate the artificial farm bonus programs when surpluses became necessary.

We certainly cannot evolve a sensible farm program or return to a free market to perpetuate Public Law 480. And how, pray tell, can we possibly strengthen ourselves by squandering billions, failing to win friends, subsidize our enemies, and end up with balefuls of local currency which can not be spent except as the local nation wishes.

What kind of fiscal foolishness is this? Some Members may think this is a smooth and slick program but folks back home see this counterpart funds and food giveaway for the foolishness that it is. Any original sense in this program has long since disappeared, it seems to me.

Folks back home do not agree that we should give India \$2.2 billion, Poland \$518 million, Yugoslavia \$597 million, as we have done according to this report and bill. Indeed, the sums are undoubtedly larger than this.

Since we have embarked on programs like Public Law 480 we have seen the nations receiving aid turn against us, be neutral, or, at the most, be lukewarm friends. All the while, we are going in debt more and more. We must stop subsidizing our enemies, we must stop aiding neutrals, we must stop bankrupting our Treasury, we must stop continuing and increasing our tax burden. In short, we must stop giving aid in this program or any program except on clearly defined

guidelines of U.S. self-interest where we define the goals and we specify and police the rules. Only to pledged friends, who are matching our aid, do we extend financial help, none others need apply. Let us put our money where it will do the most good, in our military, in expenditures at home, and in strengthening our economy by cutting the debt and reducing taxes. Strong economically, strong militarily, we need fear no one or no combination of nations. But we must start today, now.

Mr. JOELSON. Mr. Chairman, I rise in support of H.R. 4728.

When millions of men, women, and children are hungry, how can we in decency deny them of our abundance?

It is disastrous to our foreign policy to pay warehousemen millions of dollars each year to store our surplus foods when human beings are literally starving. It is also disastrous to our consciences.

Let us advance a program of food for peace. Let us not hoard our bounty for the mice and rats when the hungry people of the world are crying for bread.

Mr. HOEVEN. Mr. Chairman, I ask unanimous consent that all Members have permission to revise and extend their remarks on the bill H.R. 4728.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. HARVEY of Indiana. Mr. Chairman, I have consistently favored the principle of disposal of commodities to the needy both here and abroad. Until now this program has been used primarily for that purpose and, incidentally, to help build better international good will.

Under the present proposal, however, there is justification for only little more than one-half of the \$2 billion requested. The balance of the amount is purely on an if-and-when basis.

It would look as if the new administration is attempting to convert this commodities disposal program into a giant, global, boondoggling operation.

Mr. HOEVEN. Mr. Chairman, I have no further requests for time.

Mr. COOLEY. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960", and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding year."

Mr. HOEVEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEVEN: Page 2, line 1, after the words "in excess of", strike out the figure "\$3,500,000,000," and insert in lieu thereof the figure "\$2,600,000,000."

Mr. HOEVEN. Mr. Chairman, this amendment has been fully discussed in the general debate. It simply provides that the sum of money mentioned in the bill, \$3,500 million, be reduced \$900 million, in view of the fact that \$900 million has not been justified, in my judgment.

This amendment is presented in good faith. Again let me point out that the Committee on Agriculture will soon act on the extension of Public Law 480 and at that time we will fully consider the extension of the program and all authorizations that are presented at that time. There are no authorizations at the present time which would justify an expenditure of more than \$1.1 billion. And please remember that this only applies to the remainder of calendar year 1961. I hope we have not reached the point in this House where a Member is criticized and castigated for trying to save some of the taxpayers' money. Again I say, whenever proper justifications are forthcoming, I am ready to authorize the necessary money. But in view of the enormity of this program and the prospect that this program will ever grow larger, I think the time has come to stop, look, and listen and to review these authorizations as we go along and not issue any blank checks. I hope the amendment will be adopted.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, first I want to say to the gentleman from Massachusetts who spoke a moment ago that if he will look at the report filed by the President on March 30, 1961, which I am sure is available, he will find that about 99 percent of the food and fiber exported under this program has come out of Commodity Credit Corporation stocks or has been exported instead of going into those stocks, so we have not been affecting the local market, as he indicates.

On the question of whether or not this \$2 billion is needed, certainly if it is not needed we should not authorize it. If it is needed, then I think by all means we should authorize it. I have no way of knowing what the facts are other than the information furnished to us by officials of the executive branch of the Government with regard to the negotiations and consummations of contracts.

This information is in the letter we have, signed by Orville L. Freeman, Secretary of Agriculture, addressed to the Speaker of the House, dated February 16, 1961, which transmitted to us the bill now before us. It was received by the Speaker of the House and the bill was sent to our committee. After consideration, our committee reported the bill.

As was pointed out by previous speakers, the retiring administration had fully committed just about all of the money available, \$2.2 billion to one country, two-thirds of the money to India, 74 percent of it to three countries. Now

that we have consummated and closed a 4-year contract with India, they are in the process of negotiating a billion-dollar 4-year contract with Pakistan. Are we going to hamstring this administration so that the Pakistan negotiations will have to be abandoned? Let me quote from Mr. Freeman's letter:

As you know, President Kennedy appointed a Food for Peace Committee to make an analysis of current legislative programs and report its findings and recommendations on how to shift from the concept of surplus disposal to utilization of our abundant food supply to help raise the living and nutritional standards of peoples here at home and abroad.

One other quotation from that letter:

Only a small amount of the current funds remains uncommitted. We are now in position in our programming where these remaining funds are becoming so limited that it may be necessary to inform foreign governments that their current requests may have to be deferred.

This means that they are now ready to close \$1,250 million worth of transactions and in addition thereto they are considering a \$600 million commitment to other countries. They are considering large agreement with Brazil.

I take the position that if this is a good program it ought to be continued. If it is a bad program it ought to be abandoned. Why should we insist upon a limitation upon this authorization when all of us want to get rid of these commodities which are now hanging over our market?

I insist that this amendment which has been offered by my friend from Iowa will just cut the heart out of this bill. It will handicap and stop the activities under Public Law 480 and this present administration will be unable to carry on the food-for-peace program. I insist that we should follow the advice of the executive branch of the Government, which is charged with the responsibility of distributing the commodities we now have in such abundant supply.

Mr. WHITTEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I, like many others, sometimes use words interchangeably without making it clear as to what is what. I would like to point out again here that while reference has been made in letters and otherwise that the Commodity Credit Corporation is about out of money and has to have this legislation because of the shortage of money, that that is not what is intended.

This bill authorizes the Government to enter into agreements which commit this country to sell these commodities for foreign currencies, and this is not a matter of whether the CCC is about out of money or not. The money that this bill will require will come up in our appropriation bill later where we will have to appropriate to the CCC in capital impairment each dollar that the Government commits itself to under this bill. So this bill does not make money available but commits us to appropriate money later.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. COOLEY. I certainly have not suggested that the CCC was out of money. I merely suggested that the authorization available under Public Law 480 was limited to about \$120 million or \$150 million.

Mr. WHITTEN. That is right. The CCC has been about out of money. However, if the gentleman will bear with me that is exactly what I was pointing out. Under Public Law 480 what we do is authorize the Government to enter into contracts committing us in these programs which cost money. That is it exactly, and it does not have reference to whether they have money or not. They do have these commodities. But I am pointing out to you that any of these commitments, however sound, as a matter of foreign policy, the money end or cost of it will come later in the bill that our committee will have to present to you when you ask for appropriations to replace these funds.

I say again we all sometimes use these words interchangeably. They have just about exhausted the capacity to enter into contractual agreements which will lead to deficits in the CCC which we will have to appropriate funds for. The reason I am trying to make this plain is only a few weeks ago this Congress refused in a supplemental bill to restore the capital impairment of the CCC. In less than 6 weeks our committee will be here trying to get you to appropriate money to restore funds for these costs. I just want to keep the record straight so you will help us pick up the check.

Involved here is the question of authority to your Government to enter into these contractual obligations, and we will have to figure up the cost later. Involved is not the question of whether they have money or not. We will have to pick up the tab in a later appropriation bill. I make this statement in order that we might keep the record clear.

Mr. GROSS. Mr. Chairman, I move to strike out the next to the last word.

Mr. Chairman, I take this time to ask the chairman of the committee a question or two. I noticed an item on the teletype machine a few minutes ago that Defense Minister Menon of India is buying transport planes from Russia. I wonder what our commitment is at the present time for giving agricultural products to India? Can the gentleman give me any information on the present status of that?

Mr. COOLEY. I am trying to make it perfectly plain that in May 1960, under the administration of President Eisenhower who was then President of our great Republic, commitments were made to India to the extent of \$2.2 billion worth of our agricultural commodities in a transaction where we received 15 percent for our own use. We loaned them 42.5 percent, and we gave them 42.5 percent.

Mr. GROSS. What would you think the Indian Government is using to pay the Russians for these transport planes? Would you have any idea?

Mr. COOLEY. I do not know, and I do not see how that would apply to the

committee or the Commodity Credit Corporation.

Mr. GROSS. Does the gentleman think we should continue to give food to India when that Government turns around and buys planes from Russia?

Mr. COOLEY. I do not want to say it was unfortunate that we made this agreement with India. I said in my remarks that I was not wholly tied to the transaction, but that I was only telling what actually happened. If a mistake was made, I do not see how it can be charged to our Committee on Agriculture.

Mr. GROSS. Will the gentleman agree with me that if we are going to continue to make this sort of deal with India or any other country it ought to be on a two-way street?

Mr. COOLEY. If the gentleman wants my personal opinion, I think it would be a good idea to have all these transactions resubmitted to the House Committee on Agriculture before they are consummated.

Mr. GROSS. You mean the State Department has not kept your committee informed?

Mr. COOLEY. Certainly not. I do not know that they are keeping anyone informed.

Mr. GROSS. They are not keeping anyone informed if they can help it.

Mr. COOLEY. May I say to my friend from Iowa that we had as much justification for this request as we had for the last request for \$3 million.

Mr. GROSS. Would the gentleman think, in view of the startling success the United Nations has had in keeping down trouble in the world, stopping Communist aggression in Laos and the Communist takeover in Cuba, that we ought to turn our problems over to the United Nations?

Mr. COOLEY. No; I do not think we should turn them over to the United Nations.

Mr. GROSS. What about the Inter-Parliamentary Union?

Mr. COOLEY. We are doing a good job, I think, in the Inter-Parliamentary Union.

Mr. HARVEY of Indiana. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, apropos the colloquy which just occurred, it came to my attention this week through having a caller on behalf of India regarding India's desire to have us grant her a portion of our off-shore sugar allotment in the coming long-range sugar program. I told this very fine young man that I had always had none but the friendliest feelings for the great country of India. They are accepting our bounty. It is freely given in the form of the contract our chairman mentioned a few minutes ago concerning wheat. We are in the process of giving wheat to India in substantial quantities over an extended period of time. I had not known of this proposition the gentleman from Iowa [Mr. Gross] mentioned, that they turned right around and were buying planes from the Soviets. I would not imagine that we would give India a sugar quota, but it does seem to me that it is high time we in the Congress knew what is

going on. I think we have every right in these negotiations to be called in; however, as I have heard it expressed a number of times in the past, it seems we are called in not at the beginning but only at the crash landings.

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I rise just in case there may have been a misunderstanding between myself and the distinguished chairman of the committee. I was suggesting that most of us understood this program as one that was moving the surplus commodities out of the bins of the CCC, and I mentioned that in many cases that was not the fact.

I understood the chairman of the committee to say that in some 99 percent of the cases it did come right out of the bins of the CCC. I would like to ask if that is a correct understanding, Mr. Chairman?

Mr. Chairman, I am asking whether in referring to my remarks he intended to say a very large percentage of these shipments under Public Law 480 were out of the bins of the CCC. Was that the point the chairman was making?

Mr. COOLEY. On page 8 of the report I referred to a statement indicating that 1,437 million bushels of wheat, feed grains, rice, cotton, tobacco, dairy products, poultry, dry edible beans, fruits and vegetables and 113 million pounds of meat had been shipped. What I meant to say was that about 99 percent of these commodities are surplus commodities. Commodities coming out of the bin is one thing. If they are bought on the market and prevented from going into the bin, that is another. I cannot see how the gentleman can complain that we used an estimated cost of \$3,898 million for wheat. I do not know what the gentleman's complaint is.

Mr. CURTIS of Massachusetts. I was discussing whether this was moving surplus agricultural commodities out of the huge inventories we have accumulated. I understand the gentleman to say in many cases those are purchased on the market under the theory if they were not purchased on the market they would go into the bins of the CCC; is that right?

Mr. COOLEY. I am certain that is right, but a large part of it actually goes out of the bins.

Mr. CURTIS of Massachusetts. I hope the gentleman will tell us what percentage goes out of the bins and what percentage is bought on the open market.

Mr. LATTA. Mr. Chairman, I rise in support of the pending amendment.

I support Public Law 480. I have always supported it here in the Congress. I think Public Law 480 has worked very well and has been received exceptionally well by the American people, especially the taxpayers. However, I feel if they are going to continue to accept this type of program in the future, we are going to have to spell out in more detail how the money is going to be spent. I do not believe we can use the argument successfully that we have used this open-end or back-door spend-

ing approach in the depressed areas bill and other bills and, as a consequence, we should use it in Public Law 480. The American taxpayer has the right to know that these funds have been justified. Certainly the Department of Agriculture did not justify this additional request for \$900 million before our committee. Until such time as the Department justifies the request for the additional \$900 million, we should hold the funds in abeyance. We should vote for the pending amendment, and when the Department comes forth with the facts justifying the additional \$900 million, then we should act and not until then.

Mr. JONES of Missouri. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, there has been a lot of talk here about saving a lot of money. I do not think you are going to save any money by adopting this amendment.

The fact of the matter is, most of us are acquainted with the fact that Public Law 480 was first inaugurated to bring about an orderly disposition of an overabundance of agricultural products, and to use them in a way that would be most helpful to this country, and of help to some of our friendly nations, nations with which we have cooperated.

Here today, we are seeing a political maneuver which, while wanting to cover errors that might have been made by a previous administration, is not justified. I am not going to be so kind as the committee report when it says: "While not condemning the Department for entering into this title I agreement," referring to the agreement with India, wherein the President authorized \$2,200 million of the \$3 billion authorization for India's needs. I am not objecting to the agreements that were carried on with India, although I think that the administration should have used better judgment, and should have at least permitted India to have made available to us some cash, some ores, and some other materials which could have been utilized under the title IV program, rather than to sell the commodities under title I for their local currencies, and then for us to give back 42½ percent of this money, and then loan them 42½ percent on a 40-year basis.

Now, we are going to continue to reduce our agricultural surpluses, and I think we should, because I think that in many cases the quicker we get rid of them the better off we will be and the less money we will spend in storage and carrying costs which amount to more than a billion dollars annually.

Now, what does the amendment actually do? It would actually hamstring this administration from entering into other programs with other countries, including the food-for-peace program. This administration has not been in power very long, and it takes time to work up some of these programs, and if we are going to adopt the amendment that is offered here today, I think that we are going to at least delay, and in many cases we might even prevent, the carrying on of an operation which could be very helpful to us, particularly in the

Latin American countries. This authorization here, of course, is to permit the movement of these commodities from storage into places where they can do some good. The previous administration obligated more than two-thirds of all the money that was available for the years 1960 and 1961 at one time, and now you are trying to cut off and to limit and to prevent the spending as it relates to the other commitments. Now, to say that you want to wait until we come in here with a firm, specific commitment to those countries, I do not think that we are being fair to those who are making these arrangements with the Latin American countries, and who would be restricted in making arrangements, if not firm commitments, which would be advantageous to the United States.

On page 9 of the report I find this statement:

Programs under development resulting from country requests, \$1,250 million.

Now, that includes countries that have made requests for programs and whose requests are now being reviewed.

Then, in addition to that, we have this food-for-peace program for which we do not know exactly how much money it will take. You already have money invested in these commodities, and I think that we should utilize those commodities to the best of our ability, and I think we know that we are now in a position to use them.

Before I close, I want to call attention to one thing that the last administration did which really burned me up when I found out about it. Last year I was in the Middle East and I visited some of the refugee camps where we are taking care of 1.2 million refugees in Lebanon and Syria, on the Ghaza Strip and in Jordan, and I was amazed to find out that the United States was paying 70 percent of the cost of that program operated by UNWRA under the United Nations program. We are paying 70 percent. The United Kingdom is paying 18 percent of the cost, and the other members of the United Nations, exclusive of the Soviet bloc which is not paying any part of the cost, pay 12 percent of the cost, and yet they were using a part of that 70 percent that we were furnishing to buy wheat. Where? Not in the United States; from Canada, Australia, and other countries, and I say that an administration that permitted that to be done and not use the wheat instead of the money was just using very poor business judgment. We should in every instance use the resources which we have in the greatest abundance, and certainly we have more wheat than dollars.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. HOEVEN].

The amendment was rejected.

Mr. KYL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KYL: On page 2, line 6, insert the following:

"Sec. 2. Title I of such Act is amended by adding at the end thereof the following new section:

"110. Notwithstanding any other provisions of law any country programs under

development resulting from country requests shall henceforth be reviewed and approved by the Committee on Agriculture of the House of Representatives and the Committee on Agriculture and Forestry of the Senate before being concluded."

Mr. KYL. Mr. Chairman, this matter has been amply argued already and the arguments in favor of the amendment have been substantially made. This amendment is offered for the sole purpose of giving the review to Congress, the lack of which has been decried at great length here this afternoon.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. KYL. I yield to the gentleman.

Mr. GROSS. Mr. Chairman, I am sure the gentleman from North Carolina will want to accept the amendment.

Mr. COOLEY. Mr. Chairman, if the gentleman will yield, personally I would be glad to accept it, but I have no authority to accept it on behalf of the committee. Should we accept it at this moment, it would necessitate sending this bill to conference and delaying its passage. And while I am speaking, I should like to call attention to the fact that the Senate has already passed the bill, and if we can pass the bill as it is now, it is my purpose to ask unanimous consent to substitute the Senate bill and end the matter.

But I will say to the gentleman that we shall seriously consider this matter when we start consideration of the extension of Public Law 480, which we shall reach within the next few days in our committee. We might amend the suggestion to provide that commitments over a certain amount should be referred to these committees for their consideration. But I am sure that my friend from Iowa will agree that we should not delay action on this bill now that we have decided what we are going to do.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. KYL. I yield.

Mr. HOEVEN. In view of the chairman's statement while we were in general debate under the 5-minute rule, that he thought this was a good idea, it was my feeling that he would be ready to accept this amendment.

Mr. COOLEY. I still think it is a good idea.

Mr. HOEVEN. May I say to the gentleman that as far as the minority are concerned, we are ready to accept it.

Mr. COOLEY. Mr. Chairman, I have not conferred with my colleagues on the majority and I am not in a position to accept it. I shall have to ask the membership to vote the amendment down with my assurance that we shall consider the matter within the next few days.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. KYL].

The amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee

having had under consideration the bill (H.R. 4728) to amend title I of the Agricultural Trade Development and Assistance Act of 1954 pursuant to House Resolution 262, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1027), to amend title I of the Agricultural Trade Development and Assistance Act of 1954, an identical bill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 103(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended by deleting "any calendar year during the period beginning January 1, 1960, and ending December 31, 1961," and substituting "the calendar year 1960," and by adding at the end thereof the following: "Agreements shall not be entered into under this title in the calendar year 1961 which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of \$3,500,000,000, plus any amount by which agreements entered into in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such preceding year by this Act as in effect during such preceding years."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 4728) was laid on the table.

NEW JERSEY FAVORS FEDERAL AID TO EDUCATION

The SPEAKER. Under previous order of the House, the gentleman from New Jersey [Mr. THOMPSON] is recognized for 30 minutes.

Mr. THOMPSON of New Jersey. Mr. Speaker, a public opinion survey recently completed in New Jersey indicates that three-fourths of the adult residents of my State favor enactment of Federal aid to education legislation.

This poll was taken for me by the private polling organization, John F. Kraft, Inc.

The survey showed that only 1 New Jerseyman in 10 is opposed to passage of the education aid program.

Because the Kraft firm's report on their study contains material which I

believe will be of considerable interest to other Members, I include herewith a text of the report:

A REPORT OF ATTITUDES OF NEW JERSEY CITIZENS REGARDING THE PRESIDENT'S AID TO EDUCATION BILL

FOREWORD

This is a report of an analysis of the attitudes of New Jersey citizens with respect to the pending legislation regarding Federal aid to education.

During 1960 a series of surveys were conducted on the same general subject—how people feel about the needs of the public schools, teacher salaries, and Federal aid to education. In addition to a national probability-sample survey on these subjects, separate statewide surveys have been conducted in Arizona, Tennessee, Montana, West Virginia, Oregon, and Washington, to begin a list. This survey was designed to conform to, yet at the same time bring up to date, the reports of attitudes revealed by the previous research.

The analysis which follows is based on interviews with a carefully drawn cross section of 419 adults in New Jersey. The respondents were selected at random in accordance with standard statistical procedures which would insure proper representation of all groups in the population such as age groups, religious groups, people of varying nationality backgrounds, of different economic levels, and so on. The results which are reported in the succeeding pages of this report may be considered to be a representation of the attitudes of the entire voting population of the State of New Jersey.

Interviewing was conducted by principals of the Kraft firm or under their supervision during the first week of April 1961.

ANTICIPATING THE ANALYSIS

The succeeding analysis looks carefully into the attitudes of people in New Jersey and their concern with the problem of education (if it is a problem). It will be shown that these essential conclusions may be drawn:

Better than 3 out of 4 people want to see the President's school-aid bill passed; only 1 out of 10 people express opposition to it.

Close to 2 out of 3 people with children now attending parochial schools favor passage; only 1 out of 5 of the parents of parochial schoolchildren are opposed to passage.

The New Jersey public has a pretty good idea of the sources of aid to education, and Federal aid is last on their list.

Two out of three New Jersey adults feel that the Federal share is too little.

Nearly two out of three people in the State are opposed to the idea that Federal aid should go to parochial or private schools.

These conclusions are intended only as a preview to the complete analysis which follows, and cannot be taken as a substitution for the complete report.

THE ANALYSIS

Previous surveys have made it perfectly plain that parents, parents-to-be, and grandparents, can be very articulate and explicit about their attitudes regarding education for the youngsters. To help put the subject of education into focus, here are some verbatim remarks of New Jersey citizens. A retired teacher in Bergen County, a Catholic married to a Protestant, said this: "I know about teaching, even if I haven't taught for 20 years since my husband started to do all right. I think that aid to education bill should be passed, but with certain stipulations. I'm a Catholic, but I don't think that the parochial schools should come into the law at all. My husband bends over backward and maybe he'd argue with me, but I taught history in the public schools, and it's against the Constitution. But I do

think that the parochial schools should be able to get low-cost Federal loans. They're awfully overcrowded."

She by no means spoke for everyone. Some said "only for the public schools," others said "only if it's for everyone." A particularly eloquent expression was heard from another Catholic, a lawyer in Camden:

"I pay taxes which support the public schools, and I pay separately to support the parochial school. The local public schools are crowded and the teachers are underpaid. The parochial school is overcrowded, too, and they haven't got a decent library."

"Now I've read a lot about the Nation's educational needs and how we're falling behind Russia. And I'm worried about it. So I say let's do everything we can to educate our children. But I also say that you can tax me until it hurts bad, and build the prettiest schools, and pay the highest wages. As a matter of fact, maybe my taxes will make my kid's parochial school look really third-rate. But it isn't going to make a good Catholic take his child out of a parochial school and put him into public school, is it?"

"See my point? If all of this talk about education to catch up with the Russians is really sincere, and it's really important, then we've got to support education generally, and not specifically. I think it's important to raise our educational standards. I want to see the Nation—and my kids—benefit."

There were many far less eloquent expressions of some of the same ideas. But also there was opposition, this time from the wife of a Newark advertising man:

"It ought to be passed, and without any fuss. If the different religions attempt to get into the act, tacking on riders and so on, it will never get passed. All you have to do is consider the double shifts, the under-paid and sometimes second-rate teachers we get, and you know something's got to be done. First let's get some help for public schools, and then let's consider parochial and private schools."

"But frankly, how parochial and private schools got involved in all of this, I don't know. If you want to send your child to a private or parochial school, you're welcome. But I don't know why we should pay taxes for it. We expect to send our boy to a private school and I don't expect anyone to pay taxes for the special training we want for him."

The arguments, pro and con, were rarely so articulate. For every one quoting New York Times' editorials or letters-to-editors there were 20 who spoke in such blunt words as these: "We got a public school system. Let's support it. It needs it."

And: "I pay my taxes. Now I'd like to see my own kids benefit."

And: "Too much dough goes into education already. The hell with the new bill. My taxes are high enough now."

But some of the expressed concerns went beyond New Jersey. A statistician for a life insurance company with children in private schools feels this way about it:

"It ought to be passed. Some of the States that have the least to spend ought to get help to help them catch up with the rest of the country. Take a State like Mississippi where I'm sure they have inadequate school facilities and teacher pay. The only way we're going to pull ourselves up by our bootstraps is to do something to get people in places like that to take advantage of better facilities."

Another person had these thoughts: "I'm retired; my daughter's a floor girl at the factory. My husband's dead. But I have one in school and I think the poor people ought to have some way to feel their kids are getting as good a break as anyone else. I can't give it to him, and the school here in

Jersey City isn't going to do anything for him, not the way it is now."

And, finally, this point of view from a carpet manufacturer: "Pass it. It will be beneficial to the people who really need it. I can give my kids all the help they need, send them to private schools if the public schools aren't adequate, but what about the people who don't have the money to find that escape? I hate to think that there are a lot of qualified kids who'll never make the grade just because their folks couldn't give them the advantages I can give my kids."

Several hundred points of view were expressed on the subject of the current legislation before the Congress on Federal aid to education. When they were all added together, they could be summed up this way:

Attitudes toward education bill

Percentage saying:	Percent
Yes, pass it.....	76
No, against it.....	10
Not sure, it depends.....	14

It must be borne in mind that the interviewing on this survey was conducted during the first week of April; much of the controversy on the subject had been articulated and appeared in the papers, over the radio, and on television.

In short, the subject of aid to education has not been neglected by the news media. And three out of four New Jersey citizens favor passage of the bill.

A measure of knowledge

This overwhelming approval of the bill appears to be based on relatively sound knowledge of present sources of support of the public schools. Each person was asked whether he knew which of the three sources of aid—local, State, or Federal—gave most support. The result of that question is shown here with the results from the same question from two other States for comparison purposes:

[In percent]

	New Jersey	Arizona	Washington
Source of most support is—			
Local.....	46	39	33
State.....	17	35	33
Federal.....	8	8	12
Not sure.....	29	18	22

There appears to be a greater degree of uncertainty in New Jersey than in the two other States, but the level of misinformation regarding the Federal share is no higher. Less than 1 in 10 people feel the Federal share is greatest.

What they say about the facts

Having established his measure of knowledge, each person was informed of what the facts were, in national terms: that local and State governments account for 96 cents of each dollar of support, the Federal Government for 4 cents. We then asked whether this seemed to be too much, too little, or about the right amount from Federal sources. Here the results are shown in comparison with the results of the same question which was asked in a nationwide survey late last year:

[In percent]

	Comparison of attitudes of—	
	New Jersey citizens	The Nation as a whole
Federal share is—		
Too little.....	66	57
About right.....	14	25
Too much.....	3	4
Not sure.....	17	14

People in New Jersey today feel significantly more disposed to increasing the Federal share than did the Nation as a whole only 7 months ago. In sum, behind the overwhelming approval of the President's bill is the knowledge on the part of most people that the Federal share is smallest, and the corollary feeling, again on the part of most people, that it should be increased.

Why people don't favor the bill

The three out of four people who want to see the bill passed mentioned a few very basic reasons for their approval: The needs of education are great, schools and teachers need help, the whole education system should be improved in order to help the Nation keep its place in the world and stay ahead of or keep up with Russia.

Those who were opposed came right out and said "No" and gave an assortment of reasons for their stand:

Reasons some people are opposed to the bill	Percent
The States and local communities should handle the need.....	32
Keep the Federal Government out of education.....	19
The bill will raise taxes.....	19
I'm a Catholic; it should include all schools.....	12
Exact use should be spelled out; isn't now.....	6
The dollar's roundtrip to Washington is too expensive, must be a better way.....	13
It's just too much money.....	3
No need; too much spent on education.....	3
Other answers.....	2

NOTE.—Percentages add to more than 100 percent because some people gave more than one reason.

From an examination of this tabulation it can be seen that whether people talk about taxes, the need for local autonomy, or parochial school needs, in the final analysis only 3 percent of the people opposed to the bill actually volunteered that there was no need. Put another way, almost all of the people who are opposed to the bill appear to be willing to grant that a need to do something does indeed exist.

The same conclusion can be drawn from the comments of those people who had said they weren't sure how they felt about the bill. Each was asked, "Why do you feel that way—why aren't you sure?" with this result:

Why some people aren't sure

The need is there, but:	
It's likely to raise taxes; taxes too high now.....	20
Think it should include all schools.....	14
Just seems like a lot of money; maybe the need isn't that great.....	13
Exact uses should be spelled out.....	9
Perhaps handled better on local levels.....	7
Other reasons.....	9
Just don't know; don't know what it's all about or for.....	31

NOTE.—Percentages add to more than 100 percent because some people gave more than one reason.

In other words, roughly 7 out of 10 doubters see that a need exists, but are worried about taxes, uses of the money, and whether the need is really that great. Three out of ten (which represents 4 percent of New Jersey's adult population) just didn't seem to know what it was all about, or didn't care.

An important dimension: Children in school

Cropping up in the analysis of the reasons people are opposed or unsure of their support of the bill were mentions of "I'm a Catholic" and "It should go to all schools." It could be anticipated that people with

children in parochial schools might feel differently about the bill than those who send the children to public schools:

[In percent]

	How parents feel who have children—			
	In parochial schools	In public schools (not parochial)	Of pre-school age only	Other (grown or none)
Percentage saying:				
Yes, pass it.....	59	88	83	68
No, against it.....	21	7	3	12
Not sure, depends..	20	5	14	20

Several conclusions and inferences may be drawn from a study of this tabulation: Clear majorities of all groups favor passage of the bill.

The core of the opposition is among people with children in parochial schools who feel their children may be being cheated.

Some opposition also comes from the uninvolved people, those with no children.

One out of five parochial school parents is in doubt, basically because they're not sure that the bill shouldn't include their children.

One out of five people without children is also in doubt, but fundamentally because there is little knowledge or interest.

To focus more sharply on this problem of aid to parochial and private schools, each person was asked whether or not he (or she) favored the idea of extending the aid beyond public schools:

How New Jersey people feel about including parochial and private schools

	Percent
It should be done.....	31
It should not be done.....	60
Not sure.....	9

A clear majority is opposed to the idea. One out of three citizens think it should be done. Very few are in doubt. But does this mean that parents of parochial school children represent the "should be" vote, and everyone else the "no" vote? Hardly:

[In percent]

	How parents feel who have children—			
	In parochial schools	In public schools (not parochial)	Of pre-school age only	Other (grown or none)
Percentage saying—				
It should be done..	52	23	35	32
It should not be done.....	36	73	55	55
Not sure.....	12	4	10	13

Among the parents of public school children are some Catholics who would send their children to a parochial school if one were available; but there are also non-Catholics in this same group who favor broadening the coverage as a matter of principle. In other words, those favoring the inclusion of parochial schools in the bill are by no means all Catholics, or just the people with children in private and parochial schools.

Regardless of the elements of this opinion, however, the majority of New Jersey's citizens oppose the idea of broadening the bill to include other than public schools.

Then to sum up

The highlights of the survey have already been stated at the introduction to this analysis, and can be restated in this fashion: New Jersey citizens feel the Federal sup-

port to the public schools is too little, they want the President's bill passed, and they don't want it broadened. Even without extending support beyond public schools, parochial school parents will support the bill as it stands.

AREA REDEVELOPMENT BILL

Mr. PIRNIE. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. HARVEY] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HARVEY of Michigan. Mr. Speaker, I was one of those on the Subcommittee of the Banking and Currency Committee that opposed the area redevelopment bill when it was reported out originally. The reasons for opposing it then still exist. In addition, however, as a result of the conference on this bill, there has now been inserted the back-door spending provision which we on the subcommittee, who heard all the testimony, eliminated.

I wish to remind the House that our Constitution provides that all revenue bills must originate in the House. The history of this body shows clearly that general appropriation bills also originate in the House. It was for this purpose that we were elected. I submit to you that when we agree to this back-door spending, we forfeit our right to originate bills to withdraw money from the Federal Treasury. By this method, the committees of either body of Congress can now bypass the appropriation process. This power of reviewing appropriations is one of our most important functions. As one Member of this body, I do not wish to see us give it up so easily, for if we lose this power, we lose all control over spending by this tremendous bureaucracy which we have created.

I have purposely not said any more about the other bad features of this bill. It starts out on the faulty premise that the extension of credit by our Federal Government will solve all of our industrial development problems. It fails to define the areas that we are trying to help, and gives a blank check to the Secretary of Commerce. It provides for our Federal Government to lend money at a lesser rate than we, ourselves, are paying in the market. This is the road to insolvency. It does not make sense. The municipalities in the depressed areas, or anywhere else in the United States, are not in such financial condition that they need this subsidized interest.

Mr. Speaker, all of these reasons argue against this bill. But greater than anything else is this provision for back-door spending that the committee on which I serve, after considering all of the testimony, saw fit to take out.

A PROPOSAL FOR TAX EQUITY

Mr. BAKER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BAKER. Mr. Speaker, today, my able and distinguished colleague, the gentleman from Louisiana [Mr. Boggs], and I joined in sponsoring legislation to tax all fire and casualty insurance companies alike—on the same basis and at the same rate as corporations in other industries. These bills, H.R. 6659 [Mr. Boggs] and H.R. 6660 [Mr. BAKER], will eliminate the discrimination which presently exists in the taxation of stock companies as compared with the taxation of mutual and reciprocal fire and casualty insurance companies.

President Eisenhower in his budget message for 1962 recommended that Congress review the methods of taxing fire and casualty insurance companies with a view toward correcting inequities. The tax message of President Kennedy on April 20, 1961, points out the inequitable distribution of the tax burden among various types of fire and casualty companies and states that consideration should be given to taxing mutual or reciprocal companies on a basis similar to stock companies. The President stated in his message that "Remedial legislation in these fields would enlarge the revenues and contribute to a fair and sound tax structure."

The bills would carry out the recommendations of President Eisenhower and President Kennedy. They have bipartisan support and are essentially the same as those sponsored by us in the 86th Congress, and my remarks today follow closely those I made at that time. The panel hearings before the Committee on Ways and Means in December 1959 covering the subject of fire and casualty insurance company taxation have emphasized the need for eliminating the existing inequities in the taxation of the various types of fire and casualty companies.

The proposed legislation covers all insurance companies other than life companies. I stated in the last Congress that this legislation was expected to result in approximately \$25 to \$30 million additional revenue to the Treasury for a normal year. By reason of the continuing increase in premium volume and with a reasonable underwriting experience, it can reasonably be expected that the increase in revenue to the Treasury under these bills will amount to from \$60 to \$80 million. Under these bills small mutual and reciprocal companies will receive special treatment comparable to that in existing law. It is not our purpose to subject to tax those small mutual and reciprocal companies now exempt.

The Congress recently passed a bill relating to the taxation of the income of life insurance companies. It was the purpose of that legislation to provide increased revenue to the Treasury from the life insurance companies based on both their underwriting and investment income. In framing the life insurance bill, both the Committee on Ways and Means and the Senate Finance Com-

mittee repeatedly emphasized the importance of not discriminating in tax treatment between stock and mutual life insurance companies. It is equally important not to discriminate in the taxation of the different types of fire and casualty insurance companies. Our bills will place all fire and casualty companies on an equal tax basis so that equal incomes will bear equal tax liabilities.

There are three types of fire and casualty insurance companies: stock companies, mutual companies, and reciprocal insurers. The existing Federal tax law discriminates against stock companies in favor of mutual companies and reciprocal companies. Simple equity requires that all be taxed on the same basis and at the same rates.

Hearings in 1958 before the Committee on Ways and Means disclosed that all insurance companies have two types of income: First, underwriting income; and, second, investment income. Both types of income should be taxed. No basis exists for excluding either type of income from a fair tax. Under existing law, stock fire and casualty companies are taxed at the full corporate rate of 52 percent on both underwriting and investment income.

Since the inception of the Federal income tax, stock companies have paid the regular corporate rates paid by other business corporations. However, mutual companies are taxed on an entirely different basis. Under existing law, mutual companies pay the higher of (a) 1 percent of their premium income plus 1 percent of their gross investment income, or (b) 52 percent on their net investment income only. Reciprocals have never paid any tax whatsoever on their substantial underwriting income, but are taxed on their investment income only. These different methods of taxation are highly preferential in favor of the mutual and reciprocal companies and give them an unwarranted competitive advantage.

The panel hearings during the 86th Congress showed that mutuals and reciprocals during the 16 years ended with 1958 earned substantial profits from both underwriting and investments. Their retained profits, after all dividends to policyholders, amounted to approximately \$1 billion. This increase in surplus was accumulated on a tax-favored basis. The mutuals and reciprocals, by reason of their lesser tax burden, were able to retain much more of their net income than they otherwise could have. They also retained more than twice as much, proportionately, as their stock company competitors.

Under existing law, a large number of small mutual companies are either exempt from tax entirely or receive special tax consideration. The bills we have introduced do not disturb this. Of the 2,500 mutual companies in the United States, approximately 1,750 are tax exempt and their exemption would be continued under these bills. In addition, some 150 mutual companies are partially tax exempt under existing law and our proposal would not increase their tax burden. It would impose no

hardship upon small farm and local mutual insurance companies.

The remaining 600 large mutual companies would be taxed at regular corporate rates. These large mutual companies write the same lines of insurance as stock companies in the several States. They use the agency or brokerage system as well as the direct writing system, just as the stock companies do. All are subject to the same State regulation as stock companies. There are no basic methods found in one type that are not found in the others. There is no reason for a disparity in tax treatment.

These 600 large mutuals write 98 percent of the volume of all mutual fire and casualty insurance companies. Under our bills these companies will pay substantially more tax than they have previously paid. For example, the five largest mutuals and the three largest reciprocal companies have for the 18 years ended with 1960 paid total Federal income taxes of \$126 million. If they had paid taxes on the corporate basis as proposed in this bill, these eight companies alone would have paid \$252 million, an increase of \$126 million, or 100 percent. Of course, equality of taxation between these companies could be achieved by reducing the stock companies' tax basis to the level of the mutual companies. However, this would result in a great loss of revenue to the Treasury. I believe that the most equitable basis of tax for insurance companies is the basis provided for stock companies and companies in industry generally, that is, regular corporate rates. This would bring the taxes of mutual and reciprocal companies in line with the taxes of their competitors.

There is no reason to continue the existing discrimination between fire and casualty companies in the Federal tax laws. Our proposal would eliminate the present competitive impact of the different methods and formulas now applied to these companies. It involves few of the complexities found in our consideration of a permanent bill for the taxation of life insurance companies. On the contrary, it is simple. In summary, this bill would eliminate the existing inequities in the taxation of the various types of fire and casualty companies and would increase the revenue to the Treasury by a substantial amount.

It is my hope, Mr. Speaker, that favorable legislative action can be taken by the Congress on this meritorious proposal during the present session.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. ALBERT. Mr. Speaker, on behalf of the gentleman from North Carolina [Mr. FOUNTAIN] I ask unanimous consent that the Committee on Government Operations may have until midnight Friday to file a committee report on health, research and training, the administration of grants and awards by the National Institutes of Health.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PHANTOM BANKS

Mr. PIRNIE. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MULTER] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Speaker, I would like to bring to the attention of the House at this time an unfortunate situation that seems to be developing in the banking field. I refer to the setting up of what may be called phantom banks as an intermediary for obtaining control of existing banks by a holding company.

Plans of this nature are deleterious to the banking business, and destructive of public confidence. They discriminate against those bank shareholders who are not permitted to own bank holding company stock.

A reason now being urged for setting up bank holding companies is that commercial banks are finding themselves in an increasingly difficult position with regard to expansion of services and bank business operations in general. To combat this frustration, banks frequently seek to become subsidiaries of bank holding companies.

Under the provisions of the Federal Bank Holding Company Act of 1956, a bank holding company is defined as a company that owns 25 percent or more of the voting stock of two or more banks. In actual practice, however, these holding companies frequently own a far larger share of the voting stock. In some instances they own at least 80 percent, thus obtaining the tax advantages accruing from such ownership and in most instances they own all but the directors' qualifying shares. This, however, is only part of the background of the problem.

One of the methods used is to set up intermediate banks. These intermediate or phantom banks then attempt to secure the assets and business of the commercial banks involved.

In effect what happens is that the commercial bank merges into the intermediate bank, which is an empty shell.

In an ordinary situation of this type there is a meeting of the shareholders and an affirmative vote of at least two-thirds of the outstanding stock is required for approval. If approval is obtained then all of the stockholders must go along or relinquish their stock for cash.

When a bank holding company wants to obtain shares of a commercial bank by exchanging its own shares for them, however, there is no stockholders' meeting and each shareholder is free to accept or reject the offer, retaining his commercial bank shares if he rejects it.

With the intermediate bank, this choice has been eliminated and the shareholders must take either the bank holding company stock or cash in exchange for their shares, thus giving the intermediate bank 100 percent ownership of the commercial bank—the intermediate bank already being wholly owned by the holding company.

To illustrate this procedure let us assume that we have two commercial banks who wish to become part of a holding company. Practically simultaneously they establish a holding company and two intermediate banks—one for each of the two commercial banks. Little or no assets are in any of these three organizations. The entire operation consists of an exchange of paper—even though it may be expensively engraved stock certificates. The operating banks are then merged into the shells or phantom banks. The shareholders of the existing commercial banks are then required to take either holding company shares or relinquish their shares for cash.

Some stockholders are forbidden by law from owning holding company shares and must therefore surrender their commercial bank shares for cash upon consummation of this type of holding company. Under this plan they would be forced to give up their shares, not for the receiving company's shares, but for those of a third party, the holding company. Since they are forbidden to own such shares they must take cash for them as agreed upon or as fixed by appraisal. Whether this is legal or not has not yet been determined because there has not yet been any court test of this procedure.

Such was the proposed plan in 1956 when the First National City Bank, the City Bank Farmers Trust Co. and the County Trust Co. of White Plains, N.Y., tried to form a bank holding company. In 1958, the Federal Reserve Board acted on the application and disapproved the plan, without reference, however, to the phantom banks. While the plan was pending stockholders of long standing who would have been denied the right to own holding company stock were faced with the prospect of being forced to give up their commercial bank shares.

Another such plan, involving the Bankers Trust Co. and the County Trust Co. of White Plains, was recently formulated. The same procedure was followed as that of the plan proposed by First National City Bank, City Bank Farmers Trust, and County Trust of White Plains in 1956. It appears that the Federal Reserve Board will be spared the necessity of reviewing that application because the New York Banking Board upon the very wise recommendation of the superintendent of banks has rejected that plan. Again, however, the disapproval, while directing attention to the method, did not, and in fact was not required to disapprove the method, while refusing to permit the goal sought.

To force those shareholders who cannot exchange their shares for holding company shares to relinquish them for cash—to my way of thinking—is highly objectionable and completely out of order.

It is to be hoped that the Federal Reserve Board—when it comes to a consideration of cases of this type—will reject this method, no matter how desirable the approval of the holding company application might otherwise be.

In the First National City Bank application, the phantom banks would have acquired banks with assets aggregating

almost \$7 billion. The holding company seeking to acquire these banks had a paid-in capital of \$1,000.

In the most recent attempt to accomplish a similar result, the holding company with a paid-in capital of \$1,000 would have acquired banks with total assets of \$3,500 million.

An excellent explanation of this operation is found in the December 1960 issue of Bank Stock Quarterly, published by M. A. Schapiro & Co. of New York. It follows:

PLAN FOR WHOLLY OWNED BANK

Responding to the demands for banking services during the prosperity-packed years of the past decade, the commercial banking industry has searched restlessly for means to advance growth. Many banks, in order to spread their branch systems, merge; others become subsidiaries of bank holding companies. This article seeks to explain one important aspect involving the status of the bank stockholder with respect to a holding company proposal.

The Federal Bank Holding Company Act of 1956 defines a bank holding company, as a company that owns 25 percent or more of the voting shares of two or more banks. In practice, however, many bank holding companies own a far higher percentage of the voting shares of their subsidiary banks. Most prefer to hold at least 80 percent for tax advantages.

In the past, holding companies were established and later expanded as a result of the voluntary action of bank shareholders who either sold out for cash or exchanged their shares for holding company stock. Some stockholders preferred to hold their bank stock. As a consequence, almost all bank holding companies initially shared the ownership of their subsidiary banks with minority stockholders.

More recently, in planning new holding companies, there has become evident a desire on the part of bank management for 100 percent initial ownership of the banks to be acquired. It is believed possible to achieve 100 percent ownership by introducing a merger with an intermediate bank. Such an intermediate bank is created solely for the purpose of providing a merger step in the organization of a new holding company.

Bank holding companies have become increasingly significant in the American banking scene. Consequently it is important that bank shareholders understand the intermediate bank plan. This is especially true for those shareholders, institutional and others, who are prohibited from owning stock of a holding company.

CHOICES OPEN TO SHAREHOLDERS

In analyzing the intermediate bank plan, it is helpful to first review briefly some of the choices open to shareholders in considering (1) a bank merger involving an exchange of shares, and (2) the usual proposal made by a holding company when seeking the acquisition of stock of a commercial bank.

When shareholders meet to consider a merger of their bank into another institution, an affirmative vote of at least two-thirds of the outstanding stock is required for approval. Upon consummation, all stockholders must go along with the basis of exchange of shares except those dissenters who elect to seek appraisal and receive cash value for their stock as provided by law. The choice is, bank stock or cash.

On the other hand, when a bank holding company solicits shareholders of a commercial bank offering its own stock in exchange for shares of the bank, each stockholder is free to reject or accept the offer, keeping all or part of his bank stock. There is no stockholders meeting. He is not bound by the

actions of his fellow stockholders. The proposal from the holding company is merely a plan of bank stock acquisition. Here the choice is, bank stock or holding company stock.

This latter choice of bank stock or holding company stock would be changed to holding company stock or cash under the intermediate bank plan. This is so because the plan is expected to avoid the possibility of minority stockholders and to secure for the holding company 100 percent ownership of the bank.

HOW THE PLAN WORKS

Here briefly are the essential steps of the intermediate bank plan:

The management of, let us say, State Bank causes a company to be organized, called, Holding Corp., which could be incorporated outside the State in which the bank is located. This corporation then makes application and obtains approval for a new bank temporarily called, say Intermediate Bank, nominally capitalized, wholly owned, and its place of business identical with that of State Bank.

The management of the still-existing State Bank would then recommend to shareholders that State Bank become a wholly owned subsidiary of Holding Corp. This would not, however, be accomplished through a voluntary exchange by each shareholder of his bank stock for Holding Corp. stock. Instead, stockholders of State Bank would be asked by management to approve a merger into Intermediate Bank under the charter of the latter, which would continue under the name of the former.

The merger proposal, however, would also provide that shareholders of State Bank be given, not shares of the receiving bank as in the usual merger, but, instead, stock of a third party, Intermediate's parent, the Holding Corp. According to the plan, if at least two-thirds of the stock of State Bank approve the proposal, all the shareholders must accept Holding Corp. stock except those who dissent and elect to obtain cash value, as provided by law. Upon consummation of the merger, Intermediate Bank would receive the business and assets of State Bank, adopt the name of State Bank, and would continue to be 100-percent owned by Holding Corp.

AN ACTUAL EXAMPLE

The Intermediate Bank plan can be expanded to include two or more banks. An actual instance of this occurred 4 years ago when three institutions, the First National City Bank, its trust affiliate, the then City Bank Farmers Trust Co., and the County Trust Co. of White Plains, all joined in an application to the Federal Reserve Board to form a holding company. This company called the First New York Corp., was incorporated in Delaware.

The plan provided that three intermediate banks, one for each of the three existing institutions, would be established as wholly owned subsidiaries of First New York. These three banks were at the time referred to by some as "phantom" banks.

One such intermediate bank, under the name of Metropolitan National Bank, capitalized at \$240,000, was intended to acquire the First National City Bank having at that time capital funds of \$569 million and assets of \$7.4 billion.

The plan was never submitted to shareholders because the application was denied by the Federal Reserve Board on July 10, 1958. However, while the plan was pending, shareholders, many of long standing, who could not legally own holding company stock, faced the prospect of being forced to dissent in order to accept cash value for their shares.

Among those stockholders who are not permitted to own bank holding company stock are savings banks in several of the

New England States. Some of these institutions have owned bank stocks for several generations.

Within the legal profession, opinions differ as to whether a stockholder could be forced out of his bank and through a merger, be made to take, in lieu of shares of the receiving bank, stock of a third party, such as a holding company, or cash value for his shares through right of appraisal. This is a matter for the lawyers, and possibly for the courts to resolve.

MR. HOYT MINGES

Mr. PIRNIE. Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. FOUNTAIN] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FOUNTAIN. Mr. Speaker, a very prominent and public-spirited constituent of mine, Mr. Hoyt Minges by name, has instituted an unusual and unique public service worthy of note outside of his immediate area of activity. Mr. Minges is a community leader in the city of Kinston in Lenoir County, N.C., and is well known not only as a businessman, but also as a solid citizen of that part of the State. Mr. Minges owns and operates the Pepsi-Cola Bottling Co. of Kinston. I am told that this plant in Kinston is the number one bottling operation in the world per capita served. Recently, on behalf of his company, he purchased almost the entire evening time available on one of the leading radio stations in Lenoir County and eastern North Carolina, station WFTC. Mr. Minges then asked the station to play only better music on his nightly 4-hour program. In addition, a very limited number of specially prepared commercial announcements were skillfully and discreetly spaced throughout the evening. Furthermore, he instructed the management of WFTC to preempt his commercial messages, at their discretion, for public service programming for the betterment of the listening community.

Mr. Speaker, this is broadcasting at its finest. And mind you, this program is broadcast every evening, every week, every month. The cost of the program is sustained by Mr. Minges' Pepsi-Cola Bottling Co. of Kinston, N.C. I understand the response to this artistic endeavor has been tremendous. The station, WFTC, and its staff deserve credit for their efforts in producing the program. WFTC's manager, Donnie A. Gay, has done an excellent job of developing the program not only as a vehicle of good music, but as seminar for local civic events, school functions and charitable drives. The station has developed a Sunday night discussion platform that is incorporated into the overall music format. Too often in our times we are inclined to overlook some of the less obvious ways of telling the public about one's products and services. I am certain that Mr. Minges has established not only himself, but Pepsi-Cola too, as true patrons of the arts and our country can certainly use a few more patrons of the arts.

ONE-WAY STREET

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania [Mr. DENT] is recognized for 1 hour.

Mr. DENT. Mr. Speaker, of recent date, I have started on a new phase of the one-way-street tour I have been taking with the rest of the uninformed American taxpayers.

I have not had time to get all the way down the street, but I have stopped at a few crowded warehouses on the main line.

One that you would all be interested in is the big, high-fronted place with a neon sign spelling out two words, "surplus" and "taboo." I found out why it was taboo and I am beginning to find out why it is surplus.

First of all, there is no floor and no ceiling in the place; it is like a dream—better still, a nightmare. You can hardly get near the place because of the piles and heaps of surplus crowding the back door while all kinds of vehicles are pushing new surpluses in the front door.

I talked to some of the fellows unloading the new surplus and asked why they were unloading so much stuff when the place was so full that the fellows trying to get it out the back door could hardly keep up. The answer was simple: "The outfit that pays us, pays the guys at the other end of the building, too." Simpleton that I am, I asked who might this smart fellow be, and he said, "Why, the U.S. Congress. That is the buyer, the seller, the producer, the consumer, and everything else in this deal." I hid my button right fast; the fellow looked kind of disgusted when he mentioned "Congress."

One pile of stuff I noticed starting at the entrance door and running all the way back to the rear door, all the way up and all the way down, was labeled "machine tools."

This I know a little something about—having been a machinist, a millwright, and moldmaker when I was a member of the disappearing army of American production workers. I did not count them, but from information I got from a pretty well-prepared pamphlet on this subject by Charles A. Simmons, Sr., president of the Simmons Machine Tool Corp. of Albany, N.Y., I found out that the number of machines piled up in this "taboo" building on the one-way street, there are between 300,000 to 400,000 machine tools owned by the Congress, making us the biggest dealers and distributors of machine tools in the world.

To those critics who are yelling about Russia being first, we can always point to this one pile and say, "Top this, Khrushchev. We are first in surplus machine tools, even if that cannot fly to the moon."

Do you know that even at secondhand prices—in this case, the machines are new—never used or unpacked—we have on hand over \$5 billion worth for sale or what have you to offer?

The machine tool is the highest priced commodity known. Going back you will find that prices have increased from 100 to 600 percent; a \$10,000 machine in 1935 costs about \$60,000 today. These ma-

chines have a long-use life—anywhere from 15 to 50 years. Without a machine tool industry, this Nation would die industrially, and in case of war would be defeated before starting to fight. The machine tool is the only machine that reproduces itself.

If we cannot find an answer to this pile of surplus, we can start counting the days of our strength as a nation in the production of machines to produce machines that produce the goods that produce the jobs that produce our way of life.

After World War I, many of our machine tool producers went on limited production schedules because of the surpluses built up under wartime pressures. Even so, many fell by the wayside.

One big factor in saving the remaining producers was our ability to sell abroad for the reconstruction of the French and English industries. Fortunately, during those years American-made machine tools were in demand throughout the world and the manufacturers who survived were able to sustain themselves through export sales.

During these lean years, the machine tool industry tried out the first stage of the "planned obsolescence" theory. They tried to convince users of these tools that at the end of 10 years these items were obsolete and thereby create for themselves increased production.

This, of course, failed just as it is failing in consumer goods lines where the planned obsolescence to create new sales and bolster the production economy of our country has filled every scrap yard with practically new autos, washing machines, refrigerators and almost every volume sales item in the country.

What happened then is repeating now. The American consumer would only buy tools of quality and long life just as today we have seen the American consumer turn to foreign cars, watches, tools and almost every household product.

In any plan outlining the disposition of this large surplus, obsolescence is an important factor. Who knows when a machine is obsolete? Can those who have to do with Government surplus tell? Even those in the industry might consider some machines obsolete because the type has been improved upon, and suggest they are of no further use. It must not be forgotten that during the Second World War every machine regardless of its type or model was pressed into use to help win the war. No regard was given to age or obsolescence.

It is only in the last few years that foreign manufacturers have copied our late-type machines and sell them, not only in this country, but throughout the world. This has caused our business to become demoralized and our export sales have been reduced to a minimum.

You cannot fool the people all the time, and the days of heavy traffic on the one-way street are numbered. We will either open it up for two-way traffic with truly reciprocal agreements or we will have to close it off as a dangerous thoroughfare.

Today we cannot look to the foreign markets to bolster our current production or to help liquidate our surplus.

The reason for this is simple and American made. We cannot give, loan, or sell our surplus because it would ruin their own inactive tool industries and even more serious, we cannot sell to countries that are not selling to us.

By writing a blank check in dollars and at the same time preserving our surplus, our own Government has delivered a double-barreled knockout blow to the one industry that is vital to our survival. If this continues, the American machine tool industry will practically vanish and we will be dependent upon foreign nations for the means of production. Mark my word, if this happens, it will be the beginning of the end for everything we hold dear in this country.

In line with this phase, it would be good to consider methods to put into effect President Kennedy's New Frontier program for the modernization and advancement of the American machine tool industry.

One suggestion advanced by Mr. Simmons is worthy of note:

In my opinion there are two approaches: First—immediate steps should be taken to discourage the importation of machine tools from other countries. It is time to change the period allowed for depreciation. As an illustration, the present-day depreciation for new machinery is 20 years. Reduce it to 15 years, on American machine tools. Apply a 30-year depreciation on foreign-manufactured machine tools. In that way the tax savings realized by purchasing American-made machines, even at the higher price, would more than offset the savings in buying lower-priced foreign equipment. This would be a tremendous incentive toward rehabilitating the American machine tool industry.

Here's an example to prove this point. Let's take an American-built machine that costs \$150,000, compared to a like foreign machine that sells, delivered, for \$100,000. On the American machine the depreciation would be \$10,000 per year, whereas, on the foreign machine it would be only \$3,333.33. This would be an annual depreciation gain of \$6,666.67 for the American-made machine, which would create a proper incentive for purchasing equipment built in this country.

When we talk about the surplus we must realize if this continues, the American machine tool industry will practically vanish and we will be dependent upon foreign nations for the means of production. Mark my word, if this happens, it will be the beginning of the end for everything we hold dear in this country.

In this series of talks I have tried to point out the relationship between aid and trade. It comes with a shock to realize just how far these programs reach into every phase of the American economy.

As chairman of the special Subcommittee on the Impact of Imports and Exports on American Employment, I have come to the conclusion that a study into foreign aid should be made at the same time. I introduced House Resolution 152 to carry out this program. Today I appeared before the Rules Committee in support of my resolution. The resolution follows with a résumé of my plea before the Rules Committee for favorable consideration.

HOUSE RESOLUTION 152

Resolved, That there is hereby created a select committee to be composed of nine

Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the same manner in which the original appointment was made.

The committee is authorized and directed to conduct a full and complete investigation and study with a view to ascertaining the direct and indirect costs to the United States of all foreign aid supplied by the United States after December 31, 1946, and the estimated direct and indirect costs of foreign aid currently being supplied by the United States.

For the purpose of carrying out this resolution the committee, or any subcommittee thereof authorized by the committee to hold hearings, is authorized to sit and act during the present Congress at such times and places within the United States, including any Territory, Commonwealth, or possession thereof, or elsewhere, whether the House is in session, has recessed, or has adjourned, to hold such hearings, and to require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as it deems necessary; except that neither the committee nor any subcommittee thereof may sit while the House is meeting unless special leave to sit shall have been obtained from the House. Subpenas may be issued under the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member.

The committee shall report to the House as soon as practicable during the present Congress the results of its investigation and study, together with such recommendations as it deems advisable. Any such report which is made when the House is not in session shall be filed with the Clerk of the House.

STATEMENT BEFORE THE COMMITTEE ON RULES BY CONGRESSMAN JOHN H. DENT, IN SUPPORT OF HOUSE RESOLUTION 152, SPONSORED BY MR. DENT

This resolution would create a committee of nine Members of the House named by the Speaker with full and complete powers as an investigatory committee to ascertain the direct and indirect costs to the United States of all foreign aid supplied by the United States after December 31, 1946, and the direct and indirect costs of foreign aid currently being supplied by the United States.

This resolution is even more important now than upon its original introduction in February of this year, as well as during other sessions of Congress. It has been made more important at this time by President Kennedy's plan for a 5-year extension of foreign aid as against the present and past custom of passing foreign aid appropriations on a yearly basis.

Too few of the American people, and I might say Members of Congress, including myself, have a very complete knowledge of expenditures under the foreign aid acts and if we pass the 5-year plan, the limited knowledge we now have will become even more limited. There are various estimates and figures issued by almost every group in and out of Government on the actual amounts spent under foreign aid, where it was spent, what it was spent for, and the results, direct or indirect, of such spending.

I sincerely believe that the only method by which this Congress can act with any degree of universal knowledge in this very serious area of Government expenditure is by having a congressional committee study and evaluate both past and present programs. This Congress today will be voting on \$600 million at what may be termed a

new phase of foreign aid spending in a new area of world interest.

It is not difficult to justify these expenditures to ourselves, but it becomes increasingly more difficult to justify expenditures to the peoples of our districts and of the country at large. There are many questions that can be answered by this committee; the determination of whether lump sum appropriations or selective, directed spending, both in grants and loans to specific countries would be the better program.

The answers cannot be ascertained unless a comprehensive, painstaking, and meticulous study is made by a committee responsible to the Congress itself. I beg of you to give serious consideration to this resolution or to any other suggestion for congressional action that could or would perform the same functions as those directed under House Resolution 152.

I pray at least that eight members of this committee will support my proposal.

Starting with the end of World War II, this Nation has given billions of dollars to other countries throughout the world to assist them either in recovering from the devastation or the war or in industrializing. Many of these countries have taken American dollars and spent them in other countries on equipping plants for manufacturing machine tools. They copied our late-type machines and heaping insult on injury turned around and sold them to us at from 30 to 50 percent less than our manufacturers can offer them. When you consider their lower labor costs and the fact that they have little or no investment, is it any wonder that we can't compete with them price-wise?

The machine tool surplus cannot and should not be forced on the market. It will all sell at a price which will enable the Government to get at least the acquisition cost.

Undeveloped countries should have the privilege of purchasing some of this machinery. Terms could be arranged to meet their ability to pay, rather than continuing to give them the money to buy equipment in other countries.

Large American companies are equipping plants abroad; such as the automotive people, who are now starting businesses in Mexico, Brazil, Argentina, and other countries. They could use much of this surplus, by transporting to a central location to prepare for shipment.

An outstanding method of disposal is right here in our own backyard—that is to small business. It is regrettable that this surplus has laid around for some 16 years, and small businesses have not had a chance to purchase. Even though it might be necessary to give 3 or 4 years to pay, this could be the means of equipping our American plants with up to date production machinery.

Rather than continue to give hundreds of millions of dollars to undeveloped nations, would it not be worthwhile to sell this surplus to small businesses to better the economy here?

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. OSTERTAG, at the request of Mr. HALLECK, for 2 days, on account of official business.

Mr. COHELAN, on account of official business to attend meeting of Board of Visitors, U.S. Air Force Academy.

Mr. CHENOWETH for the balance of the week, on account of official business as a member of the Board of Visitors to the Air Force Academy.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. FEIGHAN, for 15 minutes, on Monday next.

Mr. HOFFMAN of Michigan, tomorrow, for 10 minutes.

Mr. JARMAN, for 1 hour, on Thursday, May 4.

Mr. DENT (at the request of Mr. ALBERT) for 1 hour today, and to revise and extend his remarks and include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. ALBERT and to include extraneous matter.

Mr. FEIGHAN.

Mr. JOHNSON of Wisconsin in three instances and to include extraneous matter.

Mr. WIDNALL the remarks he made today during consideration of the conference report on S. 1, and to include an article.

Mr. ROOSEVELT and to include extraneous matter.

Mr. THOMPSON of New Jersey (at the request of Mr. ALBERT) to revise and extend his remarks during his special order today and include extraneous matter and tables.

Mr. LINDSAY.

(The following Members (at the request of Mr. PIRNIE) and to include extraneous matter:)

Mr. DAGUE.

Mr. HOSMER.

Mr. GOODELL.

(The following Members (at the request of Mr. ALBERT) and to include extraneous matter:)

Mr. FOGARTY.

Mr. MULTER.

Mr. ANFUSO.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 31 minutes p.m.), the House adjourned until tomorrow, Thursday, April 27, 1961, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

838. A communication from the President of the United States, transmitting a draft of a proposed bill entitled "A bill to extend and

improve the National Defense Education Act, and for other purposes"; to the Committee on Education and Labor.

839. A letter from the President of the Board of Commissioners of the District of Columbia, transmitting a draft of a proposed bill entitled "A bill to regulate the practice of physical therapy in the District of Columbia"; to the Committee on the District of Columbia.

840. A letter from the Administrator, General Services Administration, relative to contracts negotiated for experimental, developmental, or research work, or for the manufacture or furnishing of property for same, during the 6-month period ending December 31, 1960, pursuant to Public Law 152, 81st Congress; to the Committee on Government Operations.

841. A letter from the Assistant Secretary of the Interior, transmitting a draft of a proposed bill entitled "A bill to authorize the disposition of land no longer needed for the Chillicothe Indian Industrial School at Chillicothe, Okla."; to the Committee on Interior and Insular Affairs.

842. A letter from the Comptroller General of the United States, transmitting a report on the audit of General Services Administration (GSA) contracts DMP-49, 50, and 51 with the Hanna Mining Co., Hanna Nickel Smelting Co., and the M. A. Hanna Co., respectively, of Cleveland, Ohio, which were executed in 1953 pursuant to (50 U.S.C. App. 2061); to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. O'BRIEN of Illinois: Committee on Ways and Means. H.R. 3668. A bill to amend the Tariff Act of 1930 to authorize informal entries of merchandise where the aggregate value of the shipment does not exceed \$400; without amendment (Rept. No. 308). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALTER: Committee on Un-American Activities. H.R. 5751. A bill to amend the Subversive Activities Control Act of 1950 so as to require the registration of certain additional persons disseminating political propaganda within the United States as agents of a foreign principal, and for other purposes; without amendment (Rept. No. 309). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALTER: Committee on the Judiciary. House Joint Resolution 225. Joint resolution to grant the consent of Congress to the Delaware River Basin compact and to enter into such compact on behalf of the United States, and for related purposes; without amendment (Rept. No. 310). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Interior and Insular Affairs. H.R. 2551. A bill to waive certain restrictions of the New Mexico Enabling Act with respect to certain sales of lands granted to the State by the United States; and to consent to an amendment of the constitution of the State of New Mexico; with amendment (Rept. No. 311). Referred to the Committee of the Whole House on the State of the Union.

Mrs. PFOST: Committee on Interior and Insular Affairs. H.R. 6494. A bill to provide for withdrawal and reservation for the use of the Department of Defense of certain public lands of the United States at Nellis Air Force Range, Nevada, for defense purposes; with amendment (Rept. No. 312). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey: Joint Committee on the Disposition of Executive Papers. House Report No. 313. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS:

H.R. 6659. A bill to equalize the taxation of insurance companies (other than life insurance companies), and to provide revenue; to the Committee on Ways and Means.

By Mr. BAKER:

H.R. 6660. A bill to equalize the taxation of insurance companies (other than life insurance companies), and to provide revenue; to the Committee on Ways and Means.

By Mr. ALBERT:

H.R. 6661. A bill to assist the States to provide additional facilities for research at the State agricultural experiment stations; to the Committee on Agriculture.

H.R. 6662. A bill to amend the Internal Revenue Code of 1954 so as to exclude from gross income gain realized from the condemnation of certain property by the United States or a State, or from the sale of such property to the United States or a State under threat or imminence of condemnation; to the Committee on Ways and Means.

H.R. 6663. A bill to authorize the Commandant of The Judge Advocate General's School to award appropriate degrees and credits; to the Committee on Armed Services.

By Mr. PIRNIE:

H.R. 6664. A bill to authorize the Commandant of The Judge Advocate General's School to award appropriate degrees and credits; to the Committee on Armed Services.

By Mr. BASS of Tennessee:

H.R. 6665. A bill to provide that no member of the Board of Directors of the Federal Deposit Insurance Corporation shall hold any other public office or position and for other purposes; to the Committee on Banking and Currency.

By Mr. IKARD of Texas:

H.R. 6666. A bill to amend the Internal Revenue Code of 1954 to provide for the income tax treatment of amounts deposited in and withdrawn from construction reserve funds established by common carriers subject to the Interstate Commerce Act, and for other purposes; to the Committee on Ways and Means.

By Mr. JONES of Missouri:

H.R. 6667. A bill to amend the act of August 16, 1957, relating to microfilming of papers of Presidents of the United States, to remove certain liabilities of the United States with respect to such activities; to the Committee on House Administration.

By Mr. KILDAY:

H.R. 6668. A bill to amend title 10, United States Code, with respect to annuities based on retired or retainer pay, and for other purposes; to the Committee on Armed Services.

By Mr. MCSWEEN:

H.R. 6669. A bill to amend section 162 of the Internal Revenue Code of 1954 with respect to legislative proposals; to the Committee on Ways and Means.

H.R. 6670. A bill to amend section 21 of the Second Liberty Bond Act to provide for the retirement of the public debt; to the Committee on Ways and Means.

By Mr. MACDONALD:

H.R. 6671. A bill to amend the Immigration and Nationality Act; to the Committee on the Judiciary.

By Mr. PATMAN:

H.R. 6672. A bill to amend the Small Business Investment Act of 1958, and for other

purposes; to the Committee on Banking and Currency.

H.R. 6673. A bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of small business investment companies; to the Committee on Ways and Means.

By Mr. PILLION:

H.R. 6674. A bill to amend title 38 of the United States Code in order to provide a 2-year period during which certain veterans without dependents during the period of their eligibility to obtain national service life insurance may be granted such insurance; to the Committee on Veterans' Affairs.

By Mr. PIRNIE:

H.R. 6675. A bill to authorize the Director, Office of Civil and Defense Mobilization, to approve a financial contribution for civil defense purposes to the State of New York; to the Committee on Armed Services.

By Mr. SCHNEEBELI:

H.R. 6676. A bill to designate the Kettle Creek Dam on Kettle Creek, Pa., as the Alvin R. Bush Dam; to the Committee on Public Works.

By Mr. BATTIN:

H.R. 6677. A bill to amend section 5 of the Interstate Commerce Act to provide that orders of the Interstate Commerce Commission approving certain railroad mergers shall not take effect if disapproved by the House Committee on Interstate and Foreign Commerce and the Senate Committee on Commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. ASPINALL:

H.R. 6678. A bill to authorize an exchange of lands at Wupatki National Monument, Ariz., to provide access to certain ruins in the monument, to add certain federally owned lands to the monument, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HOLLAND:

H.R. 6679. A bill to provide for loans to veterans when housing credit is otherwise not generally available, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. HORAN:

H.R. 6680. A bill to stabilize the mining of lead and zinc in the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. O'BRIEN of New York:

H.R. 6681. A bill to amend section 202(c) of the Interstate Commerce Act to provide for partial exemption from the provisions of part II of such act of terminal area motor carrier operations performed by or for common carriers by water in interstate commerce subject to the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933; to the Committee on Interstate and Foreign Commerce.

By Mr. WIDNALL:

H.R. 6682. A bill to provide for the exemption of fowling nets from duty; to the Committee on Ways and Means.

By Mr. JONES of Missouri:

H.J. Res. 392. Joint resolution to amend the joint resolution of March 25, 1953, relating to electrical and mechanical office equipment for the use of Members, officers, and committees of the House of Representatives to provide that Members having constituencies of 500,000 shall be entitled to an additional \$500 worth of equipment; to increase the number of electric typewriters which may be furnished Members; and for other purposes; to the Committee on House Administration.

By Mr. SEELY-BROWN:

H.J. Res. 393. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. SIKES:

H.J. Res. 394. Joint resolution commemorating the golden anniversary of naval aviation to be held in the city of Pensacola, Fla., and at the naval air station, Pensacola, Fla., and authorizing the manufacture and presentation of a galvano in commemoration of this significant event; to the Committee on the Judiciary.

By Mr. FLOOD:

H. Con. Res. 225. Concurrent resolution to express the sense of Congress declaring the policy of the United States relative to the intervention of the international communist movement in the Western Hemisphere; to the Committee on Foreign Affairs.

By Mr. SELDEN:

H. Con. Res. 116. Concurrent resolution expressing the sense of the Congress that such steps as may be necessary should be initiated in the Organization of American

States to reevaluate the role of the Government of Cuba in inter-American affairs for the purpose of imposing sanctions under the Inter-American Treaty of Reciprocal Assistance, and for other purposes; to the Committee on Foreign Affairs.

By Mr. FASCELL:

H. Con. Res. 227. Concurrent resolution expressing the sense of the Congress that such steps as may be necessary should be initiated in the Organization of American States to reevaluate the role of the Government of Cuba in inter-American affairs for the purpose of imposing sanctions under the Inter-American Treaty of Reciprocal Assistance, and for other purposes; to the Committee on Foreign Affairs.

By Mr. FARBERSTEIN:

H. Con. Res. 228. Concurrent resolution expressing the sense of the Congress that such steps as may be necessary should be initiated in the Organization of American States to reevaluate the role of the Government of Cuba in inter-American affairs for the purpose of imposing sanctions under the Inter-American Treaty of Reciprocal Assistance, and for other purposes; to the Committee on Foreign Affairs.

By Mr. MERROW:

H. Con. Res. 229. Concurrent resolution expressing the sense of the Congress that such steps as may be necessary should be initiated in the Organization of American States to reevaluate the role of the Government of Cuba in inter-American affairs for the purpose of imposing sanctions under the Inter-American Treaty of Reciprocal Assistance, and for other purposes; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H.R. 6683. A bill for the relief of Mrs. Filippa Maria Lentini; to the Committee on the Judiciary.

By Mr. BRUCE:

H.R. 6684. A bill for the relief of C. Harold Brown; to the Committee on the Judiciary.

By Mr. MOELLER:

H.R. 6685. A bill for the relief of Dr. Sin-Ban Jen; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Commendation for the Czech Newspaper Ceske Listy and Its Publisher, Mr. Milos Svoboda

EXTENSION OF REMARKS OF

HON. PAUL B. DAGUE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. DAGUE. Mr. Speaker, it was my great privilege this morning to interview Mr. George Brada, of Munich, Germany, who is of Czech extraction and completely dedicated to the release of his beloved homeland from the tyranny of the Communist oppressor. Our conversation served to rekindle my sympathy for these valiant people and reminded me that we must be eternally vigilant if other free peoples are not to suffer a like fate.

Mr. Speaker, 11 years ago, in April 1945, the so-called Kosice program of the Czechoslovak National Front Government under the Communist Zdenek Fierlinger, now President of the Red Parliament in Prague, was proclaimed in Kosice, Slovakia.

The pattern of the Communist take-over in Czechoslovakia was the same as in all other countries, in which the Communists seized power through infiltration and subversion. The Special Report No. 8 of the Select Committee on Communist Aggression of the House of Representatives, headed by former Congressman Charles J. Kersten, of December 31, 1954, stated on pages 17 and 18—

It should be pointed out that the Communist advance in Czechoslovakia was greatly facilitated by the behavior of the non-Communist political parties and their leaders.

Especially the naive belief in the possibility of coexistence with the Communists, shared in different degrees by practically all Czech politicians, was responsible for the

extreme ease with which the Communist Party took power in 1948. The signing of the Soviet-Czechoslovak agreement on December 12, 1943, and especially the proclamation of the Kosice program of April 5, 1945, opened the door for an unobstructed drive on the part of the Communists to seize full power in the country.

Far more fateful for the people (especially in Bohemia and Moravia) was the fact that they were misinformed by many fellow-traveling intellectuals by means of newspapers, books, and through all media of communication as to the real nature of communism, cleverly described for years even prior to World War II as undergoing an evolution toward a democratic, humanitarian ideology.

The apparently easy success of the Communists in the post-World War II period in which a climate of confusion and ignorance is easily understood and should also serve as a strong warning to the still free nations of the world.

We have seen that the same pattern was used also in the take-over of China and, more recently, of Cuba. Indeed, the warnings of the Kersten committee

are today more timely than ever. And in this connection praise belongs to the Czech exile newspaper *Ceske Listy*, published in Munich, Germany, by Mr. Milos Svoboda. Mr. Svoboda has been revealing the Communist tactics and bringing these facts to the attention of the Czech exiles and refugees and old Czech settlers in the free world. His newspaper should be commended and I hope that it will successfully continue its work and reveal the truth of the Communist tactics and serve thus not only the interests of the Czech people, but also those of all nations including the United States.

Customhouse 22 Miles From Harbor Is A Waste of Money

EXTENSION OF REMARKS

OF

HON. CRAIG HOSMER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. HOSMER. Mr. Speaker, construction of a customs headquarters for the twin ports of Los Angeles and Long Beach in the Los Angeles Civic Center 22 miles away is an unnecessary waste of taxpayers' money. The GSA proposes to construct the customhouse as part of a new eight-story Federal office building costing in excess of \$30 million. Two floors, or approximately 150,000 square feet, are to be devoted to customs facilities. Customs' cost of the new building has been estimated variously by Federal sources as from \$4 million to \$6 million. More than 100,000 square feet of this customs space are to be devoted to appraiser's store. The appraiser's store is essentially warehousing where merchandise samples are brought, examined, and stored until they are picked by the importer.

This customs appraiser's warehousing in a multistory civic center building will thus cost the Federal Government more than \$30 a square foot to construct.

By contrast, good private warehousing, including air-conditioned offices, can be and has been built in the harbor area for as little as \$5 a square foot. Location of the customhouse in the harbor would save the taxpayer construction costs of at least \$2 million. This is not the only price the Government pays for its 22-mile bottleneck.

Examiners' packages have to be transported from the piers to the appraiser's store in central Los Angeles. This cartage costs the Government between \$40,000 and \$50,000 a year. Each day, eight appraisers are sent out from Los Angeles to inspect merchandise too delicate or too bulky to truck to the appraiser's store for examination. Travel time, as stated by former Acting Collector of Customs D. B. Strubinger, is 1 hour each way. Thus the eight appraisers, just in traveling to and from the harbor, lose a total of 16 hours, or 2 man-days each day.

Every transportation delay or problem that costs the Government money in attempting to administer customs at the harbor from a headquarters 22 miles inland, also costs the man in the importing or exporting business money. Importers complain that customs clearances that are a matter of hours in other ports frequently become a matter of days in Los Angeles and Long Beach harbors. Shipments frequently cannot be forwarded until the examiner's packages are returned from the appraiser's store. Similarly, if a cargo is taken off a ship after the appraiser's truck has made its visit to that pier, the merchandise must sit on the pier until the truck comes again the next day. Importers complain that damage to merchandise seems to occur most frequently to those packages which are transported to Los Angeles for examination. They do not blame this on the customs, but on 22-mile transportation and repackaging problems. Sometimes, customs forms—called entries—get misplaced by the messenger who once a day shuttles papers back and forth between Los Angeles and the port. That results in extra delay until the mistake is corrected and the messenger makes his next run.

A Healthy Agriculture Is Necessary for a Healthy National Economy

EXTENSION OF REMARKS

OF

HON. LESTER R. JOHNSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. JOHNSON of Wisconsin. Mr. Speaker, when Orville Freeman, our new Secretary of Agriculture, testified before the House Agriculture Committee on the new omnibus farm bill, he described the scope of the proposed measure. He also stressed the great need for this legislation in the interest of a healthy agriculture and a healthy national economy. Under leave to extend my remarks, I would like to include a portion of his statement in the RECORD.

SCOPE AND URGENCY OF NEW FARM LEGISLATION

In opening the discussion of the Agricultural Act of 1961, I should like to first, describe briefly the scope of the provisions encompassed in the bill as a whole; and second, emphasize the urgency of this legislation.

I. SCOPE

This bill encompasses several different program areas, but they are all essential parts of achieving the goal of the best possible utilization of our agricultural abundance to contribute to the national well-being under conditions that will enable farmers to achieve a fair income.

One part of the bill is directed toward greater consumption of farm products—toward expanding our exports and improving our programs to meet human needs and promote economic development in the emerging nations. This is an essential part of our agricultural program to adjust our agricultural abundance to meet the needs and conditions of our times. We need to expand our exports as well as our efforts to provide

an adequate nutritional base for all Americans. And this expanded utilization of farm products must be taken into account in our plans for adjusting production to the quantities and kinds of agricultural products that we can use.

Another part of the bill relates to agricultural credit, and is directed toward enabling all our family farmers to benefit from the improvements contemplated in the farm program, to strengthen the position of family farmers, and to enable them to make their maximum contribution to the Nation's economic growth.

Still another part emphasizes the assurance that farmers' cooperatives will have the legal protection they need to grow and prosper in our modern economy, and by that growth to enable them to make a greater contribution to the economic well being of their members.

The longest portion of the bill, title 1, relates to supply adjustment and price stabilization. It provides the procedures and the machinery whereby farmers can work together, in cooperation with government, to adjust their production to modern needs and conditions; and thereby to achieve for themselves fair incomes, as they make available to consumers adequate supplies at fair prices.

We believe that all these program areas should be treated together as they are combined in this bill, for the failure to act affirmatively in any one of these areas is to cut away one important support of the total program for agriculture.

II. URGENCY

I believe that the early enactment of this legislation is imperative in the interest of farmers, consumers, taxpayers, and the economy as a whole. Its urgency is highlighted by several factors.

This legislation is urgent because the decline in farm income must be reversed

The decline in farm income in recent years need not be spelled out for members of this committee. You are well aware of the facts. But I assure you that it needs to be presented to others. Nothing has impressed me more, during my 3 months in this office, than the extent to which the nonfarm public is unaware of the critically low level of farm income. Emphasis on surplus and subsidy have clouded the true facts.

The annual per capita income of farm people averaged \$986 in 1960—only 43 percent of the average of \$2,282 received by the nonfarm population. This is a substantial drop from the 1947-49 period, in which the per capita annual income of farm people was about 58 percent of the per capita nonfarm income. Thus, the disparity in income has been increasing, at the expense of the producers of our most essential human needs, at the expense of those whose productive efficiency has made us the best fed people in the world.

Farmers' realized net income from farming in 1960 totaled \$11.6 billion, which is a decline of 26 percent from the 1947-49 average. It is true that there are fewer farms today, and therefore the decline in net income per farm is not quite that much. But in 1960 the net income per farm from farming, after adjustment for price level changes, was 20 percent below the 1947-49 average.

	1947-49 average	1960	Percent change
Realized net income from farming (billion).....	\$15.7	\$11.6	-26
Realized net farm income per farm (1960 dollars).....	3,224	2,568	-20

These income declines result largely from a 12-percent reduction in average prices received by farmers from the 1947-49 average and a 20-percent rise in prices paid for items

used in family living and in farm production. As the result, the parity ratio, which measures the relative price position of farmers, declined from 108 in 1947-49 to 80 in 1960—a drop of 26 percent.

	1947-49 average	1960	Percent change
Prices received by farmers (1910-14=100).....	271	238	-12
Prices paid, interest, taxes, and wage rates (1910-14=100).....	250	299	20
Parity ratio (1910-14=100).....	108	80	-26

Income declines over the past decade have not been the same for all classes of farms. But net incomes in 1960 of representative commercial poultry farms in New Jersey, of representative wheat-fallow farms in the Pacific Northwest, of representative wheat-small grain-livestock farms in the northern plains, and representative cash grain farms in the Corn Belt, all were down to between 20 and 30 percent below the 1947-49 level.

In short, all income data indicates that farm incomes have declined in absolute terms during the 1950's, as other incomes were rising. Thus, in comparison with non-farm incomes, the comparative position of farm incomes has worsened steadily. These declines have occurred even with the farm programs that have been in force. They are not going to improve by talking and wishing. They are going to improve only as we take positive action to raise them. Any further delay would have serious consequences, not only to farmers, but to the rest of the economy.

This legislation is urgent in the interest of a healthy national economy

It should be self-evident that a stable, prosperous, and growing agricultural economy is absolutely essential to a stable, prosperous, and growing national economy. But, since this fact is not adequately recognized, I should like to review the contributions that a strong, growing agricultural economy can make to a growing national economy.

There is not an industry or a person in the United States who is not touched in some way by what happens in agriculture. A survey some 5 years ago showed that farmers and their families represented a market for \$40 billion of purchases from the economy. Farm families buy the goods and services we all do as consumers. Farmers as businessmen buy the products of industry in order to produce. When farmers are prosperous—when their incomes grow along with incomes in the rest of the economy—the industries which service them benefit, and the workers employed in these industries benefit. Disadvantaged agriculture means disadvantaged industry and unemployment. For example, farmers spend some \$2½ to \$3 billion annually for tractors, motor vehicles, and farm machinery. Agriculture is a big market for these items. But agriculture hasn't grown in recent years and we all know that there is distressing unemployment in our key centers of the automobile industry today.

I could recite many facts on how important agriculture and our farm people are to our everyday economic activities: that farmers consume 320 million pounds of rubber, about 9 percent of the total amount of rubber used in the United States; that farmers purchase products involving 6½ million tons of finished steel; that farmers buy 45 million tons of chemical materials; that farmers buy 18 billion gallons of petroleum, more than is used by any other single industry; that farmers use more kilowatt hours of electricity than is used by Chicago, Detroit, Baltimore, and Houston combined.

The point I am making is that when agriculture hurts, a lot of other people hurt—

whether they live and work in the small rural communities or in the big manufacturing centers far removed from the farm production line. Farmers have a big potential for helping the Nation achieve a faster rate of economic growth and a higher rate of employment. But this will flow only from basic improvement on the farm.

The farm problem is closely related to the problem of unemployment. Workers released from agriculture by technological advances have not been able to find suitable employment in the nonfarm sector and there has been a damming up of labor with the consequent underemployment in agriculture. Next, the low gross returns received by agricultural producers have seriously restricted the market for machinery and equipment, lumber and construction supplies, and operating items such as gasoline, fertilizer, and pesticides. Finally, the low and inadequate net incomes earned by farm families has restricted the market for consumer durables and convenience goods and thus placed a brake upon the full production of these goods and services in the non-farm sector.

These interindustry relations must be corrected and brought into balance as a means of contributing to overall economic development. We believe that the passage of the Agricultural Act of 1961 will make a significant contribution to the reestablishment of a set of economic relations between the farm and nonfarm sectors of the economy which will contribute to sustained economic growth.

A Layman Looks at the Survey of Dentistry

EXTENSION OF REMARKS OF

HON. JOHN E. FOGARTY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. FOGARTY. Mr. Speaker, under leave to extend my remarks, I include an address entitled "A Layman Looks at the Survey of Dentistry." This address was delivered by me at the 38th annual session of the American Association of Dental Schools, Boston, Mass., on March 27, 1961:

A LAYMAN LOOKS AT THE SURVEY OF DENTISTRY
(By Hon. JOHN E. FOGARTY, of Rhode Island)

H. G. Wells once declared that "human history becomes more and more a race between education and catastrophe." After reading the summary report issued by the Commission on the Survey of Dentistry, any thoughtful citizen will be made aware of how appropriately that statement may be applied to the future of dental health in this country. For one recurring theme in the commission's summary is the crucial importance of education to the solution of the most serious problems now confronting members of the dental profession and the public they serve.

The commission stresses again and again the extent to which sound solutions depend ultimately upon the Nation's ability to educate and to be educated, upon our knowing more and applying what we know with greater force and effectiveness. This is the theme in the discussions of manpower planning, research expansion, better utilization of available preventive measures, specialized care for the aged, and the many other topics covered in their broad-based report.

If the problems detailed by the commission had been totally unexpected, or if the

burden of solving them had to be borne by any single group, we might well ask ourselves whether we have the time or the strength or the resources to assure a future of good dental health for the citizens of this country.

Fortunately, the task can be shared by many groups. Though the dental profession has both the right and the responsibility of leadership, the public, individually and through the medium of government, also has its duty to support you in finding solutions and in making them work.

The problems demanding attention are not totally new. All of us here today have long known that a critical need exists for more dentists and for the schools in which to train them, for better utilization of auxiliary personnel, for intensified research, and for more effective health programs. Corrective action in all of these areas has been urged repeatedly by professional groups like the American Association of Dental Schools and the American Dental Association, by Government agencies like the Public Health Service, by interested laymen and Members of Congress like myself, and, most recently by the new President of the United States in his health message.

It does not detract from the importance of the commission's report to suggest that its greatest value stems not so much from the newness of its basic findings as from the objectivity, candor, and practicality of its analyses and recommendations for action. What the commission has given us is a fresher viewpoint, a broader perspective. To consider our own problems from another's vantage point is always helpful, for often we need to be reassured that deep concern and long familiarity with the issues at hand have not blinded us to obvious solutions. Otherwise, there is always a danger of responses becoming automatic rather than thoughtful. A commission like this one, representing a variety of interests, is not likely to fall victim to such occupational hazards as dedicated nearsightedness or overactive reflexes. And since, despite the diversity of their professional backgrounds, the members have been able to reach what Dr. Adams, in his foreword, describes as a firm agreement on what needs to be done, the authority and importance of their report is even further enhanced.

I therefore find it of great significance that the commission's estimates of the seriousness of the dental manpower shortage not only substantiate what dental organizations and Government agencies have said before, but indicate that the shortage may be even greater than anticipated. In the first place, these new estimates remove any basis for denying, as some people have, that there is any manpower problem to overcome. In the second place, they assure those of us who have been deeply concerned about inadequate dentist ratios that we were right to be concerned, and that the steps we have already taken to offset them, have been well taken. We at least have gained a short head-start in the race against time.

If American dentists had not scored impressive gains in their own efficiency, if they had not begun to employ auxiliary personnel more extensively and with greater effectiveness, the manpower shortage would already be felt by the public, and critically felt. Increased efficiency, therefore, has momentarily cushioned us against the impact of shortage. But what of the future? The margin for improved efficiency is narrowing. There is a limit to the load the individual practitioner can bear. These are facts which cannot be ignored, for neither the times we live in nor the standards we live by are fixed and static.

The commission points out that currently only some 40 percent of the public are receiving anything approaching adequate dental care. This is neither as good as the

country needs nor the best it can expect. In the 20th century, the entire conception of health and the health services has been changing. We look upon adequate health protection not as the special privilege of a fortunate few but as the right of all.

This modern viewpoint is reflected in the commission's concern about the Nation's manpower needs. Commission members see the future of dentistry as one of great growth and complexity, of increasing prestige and authority, and, by the same token, of greater responsibility. They see this responsibility as one which cannot be met by relying solely upon the achievement of higher technical proficiency in clinical procedures. The commission would have us realize that this Nation not only needs more schools and more dentists, it needs better schools and better dentists. We can be glad that a start has been made in this direction.

The comprehensive health program which President Kennedy has outlined in his recent message to the Congress includes specific recommendations for substantial Federal aid to education, and there are many congressional proposals which would make Federal funds available for the building of more schools and the training of more dentists. I myself have again introduced legislation providing wide-ranging support for dental and medical education. I have proposed that the Congress appropriate \$100 million for the construction of new schools and \$50 million for the expansion and modernization of existing schools. Passage of this bill will make it possible to produce the larger numbers of dentists so urgently needed.

I have proposed, in addition, two other measures which will not only bring us closer to the goal of more adequate supply but will also help us attain the higher standards of dental education which the commission envisions. The first of these is a scholarship bill which will permit you to fill the additional school spaces which will be created, and to fill them with applicants of greater intellectual stature. The second measure will provide operating grants to schools. Although this measure, too, includes an incentive for expanding enrollments, its real purpose is to provide schools with the funds needed to improve the quality of their instruction.

The commission has a great deal to say about the method and content of undergraduate dental training, and some of it is critical of things as they exist. I will not attempt to judge the worth of all the recommendations in the report. But many of the comments the commission makes are as applicable to other branches of education as they are to dentistry, and in this regard, I found in them a vigorous and stimulating challenge to habitual patterns of thought.

For I suggest to you that we in this country must become more constructively critical of our traditional approaches to education. We should ask some questions. Why do we teach what we teach? What is it we are educating for? And wherever we find that we are doing things just because they have always been done, we might ask whether we are educating for the 20th and 21st centuries or merely perpetuating the methods inherited from the 19th. Education, after all, is not a monument to the past; it is the architecture of the future.

If I read the report aright, the commission believes that in current dental education there is perhaps too much emphasis upon restorative dentistry, too little upon preventive. The commission assumes, and I certainly agree, that the dentist's responsibility extends far beyond the providing of treatment to the patient who knocks on his door and demands it. If this were all we expected from our dentists, restorative dentistry might be all they needed to know. But the dental profession also has a responsibility

for seeing that the receipt of care more accurately reflects the actual need for it. Treating the patient who knocks on the door is only one in a progression of important activities in which the profession participates. Ideally, the first step in that progression is the development of methods for the prevention of disease itself. Therefore, if dentistry is indeed educating for the future, it should obviously be educating for research.

As the commission observes, "Of all avenues leading toward the prevention of dental disease, the one offering the most hope is research. One investigator, if he should discover a means of preventing or reducing periodontal disease, might do more for oral health than several thousand practitioners of restorative dentistry." Yet the commission finds little reason for satisfaction with the current status of dental research, although it acknowledges the substantial progress which has been made in recent years.

The Federal Government has played, and undoubtedly will continue to play, a major role in conducting and sponsoring dental research programs. I have always been deeply interested in this field, and I look upon the growth of the National Institute of Dental Research—incidentally, NIDR will soon move into its new building—and of its grants program in support of extramural activity as being among the notable contributions the Government has made to the advancement of health standards. I am glad to have had a part in making them possible. Yet I agree with the commission that while the Federal Government should increase its support of research, and I think it will, the Government cannot carry the burden alone. Financial support from other sources must be forthcoming.

There is, as you know, a codicil to the commission's recommendations for increased financial aid: the increase should be commensurate with the increase in available research personnel. Since, as the commission points out, the best source of researchers is the undergraduate student body, the availability of personnel depends to a very great extent upon the dental educator. Yet today, teachers do not have time to pursue research projects; students are given neither the scientific depth, nor the curriculum time, nor the intellectual stimulus to interest them in the field. The commission sees the result as a shortage so acute that "the recruitment for dental research is even more important than the recruitment for dental practice," and it urges the integration of research with teaching at the undergraduate level as a logical first step toward overcoming the shortage.

That stronger and better designed undergraduate programs will in time do much to strengthen the whole intricate structure of dental research in this country strikes me as a sound and practical observation. I therefore suggest that proposals which advocate Federal or private financial aid for talented undergraduate dental students who are interested in research and teaching careers deserve serious consideration from us all. At the same time, ways must be found to increase the scope and intensity and effectiveness of activity at the more advanced levels of dental research.

For the general public, these extended programs of research will have greatest meaning when preventive discoveries are given practical application in day-to-day life. And in view of the seriousness of the overall dental health problem, the Nation's failure to utilize fully the preventive techniques already at its disposal is nothing short of tragic.

Every leading health organization in the country, among them the American Dental Association, the American Medical Association, and the American Association of

Dental Schools, has endorsed fluoridation. The Commission on the Survey of Dentistry therefore speaks for informed opinion when it states it is "totally unimpressed by the arguments advanced, usually by health and other faddists, that fluoridation is dangerous, immoral, unconstitutional, and unscriptural." Yet today, more than 10 years after the introduction of a simple procedure for the controlled fluoridation of public water supplies, something less than a fourth of the American people have access to the benefits that method provides. The public denies itself those benefits, and now the fluoridation of water supplies is not even pacing population growth. Evidently, the health and other faddists have lately been more successful in presenting their case to the public than the profluoridationists, though the latter have scientific fact on their side. Perhaps the difference is in the intensity of effort.

Let me quote some other statements from the commission's report and, I warn you, quote them out of sequence:

"Although 37 percent—of some 750 dentists participating in an opinion survey—take part in fluoridation campaigns in their communities, only about 2 percent have been active as individuals in initiating these campaigns.

"Wide scale educational efforts must be undertaken to acquaint the American people with the importance of dental health and with means of attaining it.

"Education, in the dental health sense, has many facets ranging from campaigns on behalf of public health measures to hygiene instruction in primary school."

And, finally, there is the recommendation of the commission that "all public agencies, with the assistance of voluntary associations and professional societies, make greater efforts to promote water fluoridation and community topical fluoride programs."

As the commission recognizes, the possibility of making greater efforts will depend to a large degree upon the possibility of securing substantial grants for expansion of the State and local dental health programs needed to win widespread public support for fluoridation and other preventive measures. But important as they are, grants are not a substitute for incisive and coordinated action. They serve only as the foundation upon which better programs can be built.

I remarked earlier that the commission continually stresses how much depends upon our ability to educate and be educated, and upon our ability to use what we know with greater force. The fluoridation issue is a case in point. If they are to strengthen and intensify activities in support of fluoridation, public health agencies at the National, State, and local level must make sure that they employ their special resources and knowledge and practical experience to the very fullest extent. And their efforts, in turn, must be reinforced by the professional knowledge and prestige and influence of the private practitioner, working individually in his community and through his dental society. This kind of cooperation should produce an educational force persuasive and authoritative enough to offset the statements, however dramatic, of the small but vocal opposition.

Valuable though preventive measures like fluoridation are, I am sure the commission is right when it states that the achievement of dental health solely through the prevention of disease is far in the future, a fact which throws into relief the importance of what the commission calls "prevention of progression through treatment." And since people differ both in their ability to pay for care and even in their physical ability to seek it, the receipt of treatment cannot be left to chance. The commission makes a series of recommendations for reducing distance between dentist and patient which impress me as both imaginative and workable.

One of these, the incremental care program for school-age children, seems to me to be of particular value and importance. Beginning the first year with 6-year-olds and adding a new crop of them each year, the program would eventually cover all children through high school, and do so at a minimum of cost, for the care would begin in most cases before serious treatment problems have had a chance to develop. Since cost to the family would be based on the ability to pay, every child, regardless of financial status, would have a chance for a lifetime of good dental health. And that, eventually, should mean an impressive reduction in the accumulation of the Nation's unmet treatment needs. Therefore, though a program of this scope would undoubtedly require Federal and State aid in the form both of financial support and of participation by official health agencies, it would also represent a national asset.

Another group whose special needs for treatment deserve more thoughtful attention is the chronically ill and aged. The Public Health Service, for a number of years, has been conducting a series of studies designed to measure existing needs among these disadvantaged people. In cooperation with State and local dental societies and health departments, the Service has been experimenting also in the development of techniques and in the training of personnel to adapt traditional types of treatment to the special needs of people who are too infirm to visit the dentist in his office.

Some idea of the extent of the problem of caring for the homebound and institutionalized came out of a study recently completed in Kansas City. Four thousand nursing home patients, with an average age of 75, were examined; 88 percent were in need of care. If this measure of need holds true for all the population aged 75, then there are today some 4 million older people who require a service they are not likely to get unless a concerted effort is made to provide it. In less than 20 years, the figure will be 8 million. If we are to meet the special dental care needs of our growing population of older people, undergraduate training in dental geriatrics may well be a necessary addition to the modern dental school curriculum.

In efforts to narrow the gap between need and receipt of services, the greatest attention is perhaps being centered currently on the growth of various types of group prepaid dental care plans. Such plans may eventually have as great an impact upon dental care as hospital and medical coverages have had upon medical care. The recommendations of the commission that the dental profession cooperate with industry, labor, and Government in experimentation with various approaches to group programs are therefore eminently sensible. Their suggestion that dental societies form service corporations to facilitate the development of group programs bears out the opinion of public health officers that this particular approach offers dentistry the best opportunity of assuring orderly growth and quality of care within the framework of group plans.

Even though many people disapprove in principle of group dental programs, cooperation in their design is still advisable. At least you must be prepared to face the changes they entail and to deal with them constructively. For it is much better to control circumstances than to be controlled by them.

Controlling circumstances becomes increasingly difficult as society becomes more complex. It requires infinitely more knowledge and patience. Today the members of all professions find themselves involved in activities which a few years ago did not even exist. And as activities increase, so do the

demands upon professional skills and qualities of leadership.

Because this is true, laymen and professional men must meet together to discuss problems of mutual concern. And it becomes all the more necessary for us to accept the fact that we cannot limit our vision to the merely convenient or tailor the future by a pattern fitted only to the past. That is why it is so essential to realize that we must train more professional people, and that we must train them better. Perhaps we must even train a new breed of men—men of broader vision and greater scientific depth than we have ever before known. Certainly in a field as essential as dentistry, we must, at the very least, forgo the luxury of a narrow vocationalism in our educational processes.

To do what must be done will require the best that is in all of us—the willingness to try and the courage to fail. For much of what we must learn and teach can only be discovered by trial and error. If that is a painful process, it is also our greatest hope. As the great Oxford teacher E. R. Dodds once put it, "If the truth is beyond our grasp, the errors of tomorrow are still to be preferred to the errors of yesterday; for error in the sciences is only another name for the progressive approximation to truth."

Omnibus Farm Bill Is in Keeping With American Experience and Tradition

EXTENSION OF REMARKS

OF

HON. LESTER R. JOHNSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. JOHNSON of Wisconsin. Mr. Speaker, Secretary of Agriculture Orville Freeman gave an excellent summary of the principles and programs of the proposed Agricultural Act of 1961 when he appeared before the House Agriculture Committee on April 24. Under leave to extend my remarks, I would like to include excerpts from Secretary Freeman's testimony in the RECORD:

SIGNIFICANCE OF PRINCIPLES AND PROGRAMS OF THE NEW FARM BILL

The Agricultural Act of 1961 seeks to accomplish essential goals by means that are, on the one hand, in line with American experience and tradition, and, on the other, adapted to meet the conditions and demands of today.

The principle of adjusting abundance to current domestic and foreign needs is itself in the American tradition

This Nation, historically, has sought higher standards of living. It has sought to achieve plenty. In agriculture we have succeeded to a greater extent than in any other field. But we have never sought the waste—of both natural and human resources—that occurs when we produce what cannot be used. And so we seek, at one and the same time, in this legislation, to increase our utilization of farm products both at home and abroad and to adjust our productive abundance to those increased quantities. We are realistic enough to recognize that, even with an expansion of programs for increased consumption to the greatest possible extent that is consistent with sound and humane ideas and policies, we will not be able, in the years immediately ahead, to expand consumption enough to absorb all of our poten-

tial agricultural productivity. Thus, we must adjust our abundance.

The principle of equality of economic opportunity is basic to our philosophy, and this is all we are asking for the American farmer

The farmer is the only basic producer in our economy who now has available to him no means by which he can adjust his production to demand—and who, therefore, has no effective means by which he can influence the economic rewards of his enterprise.

It is absurd, in any consideration of a farm program, to compare the farmer with the small corner merchant.

Perhaps there should be Government action for small business, but of a different nature for a different reason. But the farmer, as a basic producer and not a retailer, can be more accurately compared with other basic producers—such as, for example, the producers of steel. Government has given to such producers the instrument of incorporation, by which they can become large enough to effectively adjust their production to quantities that can be sold profitably.

Government has likewise given to labor the instrument of collective bargaining whereby millions of individual workers—who, as individuals, would be even more helpless than the farmers—can work together to achieve a fair return for their productive activity.

To achieve economic equality, therefore, we propose programs to provide farmers with the institutional machinery for coming together and developing supply adjustment programs, and with democratic methods for approving or rejecting such programs. We would specifically provide safeguards for consumers' interest in this process.

By enacting the proposed legislation, the Congress would establish the ground rules and guidelines under which supply adjustment programs would be developed and placed into operation. Then, whenever action is needed with regard to any commodity or group of related commodities, a committee of producers—including one consumer representative—would be selected to consult with the Secretary of Agriculture to develop and recommend a program of supply adjustment for that commodity. The Secretary would recommend a program based on these consultations. Only after such a program had been approved by the President, sanctioned by the Congress, and approved by a two-thirds vote of the producers themselves, would it become binding upon all farmers who choose to produce that commodity. The farmers who serve on these commodity advisory committees would be chosen from nominees designated by farmer-elected county committees and by farm organizations.

It is a part of the strength of this Nation to emphasize self-help and voluntary action

This principle is emphasized in the legislation here presented. I believe that the farmer advisory committees provided for in the bill will have an opportunity to exercise genuine leadership and develop economic statesmanship. They will be chosen because, taken together, they represent every group, segment, and interest that should be heard in the discussion and formulation of commodity programs, and they will therefore consider the broader implications of the policies they recommend. Charged with the responsibility of considering the interests of the farmers they represent, and facing public scrutiny and examination and approval by the Congress, they will, I am confident, once again demonstrate—as Americans have so often demonstrated—that the people themselves have the ability to consider the interest of the people as a whole. I have had experience with citizen committees and voluntary action. I know that members of

these committees will recognize that they can "write their own ticket" only where the ticket is in the public interest and acceptable to all concerned.

The proposed legislation further recognizes the principle of self-help in its authorization of the expansion of marketing orders and agreements, as one important means available to farmers for developing and adjusting their industry. They give farm producers the opportunity to jointly plan their production in a manner designed to make abundant supplies of food available at reasonable prices, and yet to avoid the waste which results from excessive production.

Marketing quotas, product diversion, promotion, research, and quality control will provide many agricultural industries with the means of self-regulation. Marketing orders are truly a self-help program in that they are producer initiated, producer administered, and producer financed. And, since consumer interests are adequately protected, as required under the act, this self-help approach should be highly successful with respect to many commodities.

It is in the American tradition to seek to raise the economic level of all segments in our society

It is in this tradition that provisions for agricultural credit are incorporated in this bill.

A number of improvements in our supervised credit program are proposed, directed toward enabling all of our family farmers to benefit from the improvements contemplated in the farm program, toward strengthening the position of the family farmers, and toward enabling them to make their maximum contribution to the Nation's economic growth.

Under the proposed program the Farmers Home Administration could serve the full range of family farmers, including young farmers with farm background and training who are just starting out. It could do a far better job of helping farmers reorganize their farming operations and otherwise meet farm credit needs that are currently neglected. The administration of supervised farm credit would be simplified and improved. Farm management assistance would continue to be provided along with the loans, so that borrowers could get the maximum assistance out of every dollar borrowed. The Farmers Home Administration would continue to serve only those farmers who are unable to obtain sufficient credit from co-operative and private sources, and the legislation would in fact encourage an even greater use of credit from those sources.

Broadly speaking, the legislation would provide credit for financing farm adjustments, for enlarging and improving family farms, for acquiring farms, for making better use of water resources, for minimizing the risks in farming, for improving living conditions, and for financing modern production practices.

It is likewise in the American tradition to use our abundance to meet human needs at home and abroad, and to utilize our abundance as an instrument for peace and freedom in the world

The provisions in the proposed legislation relating to agricultural trade development will enable us to step up our programs for expanding the export of food and fiber, both for dollars and for foreign currency. They will enable us to make more effective use of our food for peace.

The request for a 5-year extension is the key recommendation to make Public Law 480 a more forceful instrument in U.S. foreign relations. A long-term extension will give notice that the United States is prepared to give greater assurance of a continuing supply of agricultural commodities needed by emerging nations. Many of these countries

are striving to promote economic growth through ambitious, long-term plans. A 5-year extension of Public Law 480 will permit the coordination of U.S. agricultural export programs with these development plans. It will also be an integral part of our Nation's plans to establish a national food policy and develop a world food budget—thus assuring our contribution to the world problem of more adequately feeding hungry people. As we increase our efforts for expanded utilization, and as we develop means—in cooperation with other countries—for the more effective use of greater quantities of agricultural exports, these new and increasing demands on American agriculture will have to be taken into account in the formulation of our agricultural programs at home. This is why an extension and strengthening of our food-for-peace program is an integral part of the Agricultural Act of 1961.

I believe that affirmative action by the Congress on the programs we present in the Agricultural Act of 1961 would set the stage and provide the tools by which (1) the farmers of this Nation, in cooperation with Government, can achieve incomes comparable, in terms of labor and capital and management skills invested, to those received by other Americans; (2) a healthy and increasingly efficient and productive agriculture will continue to provide an abundance of food and fiber at fair prices to the consumers; (3) better farm incomes and a sound farm economy will contribute to economic growth and national prosperity; (4) costs of the Federal Government can be expected to decline as programs get underway and become effective; and (5) we can achieve maximum utilization of our abundance to meet needs and promote freedom at home and abroad.

Airlines' Overbooking

EXTENSION OF REMARKS

OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. MULTER. Mr. Speaker, on January 3, 1961, I introduced a bill, H.R. 1208, to amend the Civil Aeronautics Act of 1938.

The bill is designed to eliminate the practice of overbooking of passenger space reservations. I first introduced this measure in the 85th Congress.

Unfortunately the situation has not changed. This highly questionable practice is still going on. Since the airlines will not stop it themselves there must be remedial legislation.

The bill would provide protection for passengers by permitting them to bring a court action against the airline if they present themselves to board a plane for which they have confirmed reservations and the space is not available. Damages collectible would be an amount to cover actual losses, plus twice the amount of the fare paid or \$100, whichever is greater, plus a reasonable attorney's fee and court costs.

If the passenger does not bring suit within 2 years the United States could bring the action against the airlines.

Those airlines which allow such shoddy practices have made this legislation necessary. As for the others they will probably benefit from it by an in-

crease in business as a result of this additional guarantee to the passenger.

It is my hope that the Congress will act favorably on this measure in the near future.

Water Needs of the Nation From 1980 to 2000

EXTENSION OF REMARKS

OF

HON. CARL ALBERT

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. ALBERT. Mr. Speaker, Oklahoma is fortunate to have in her senior Senator a man not only of great ability and experience, but vision, as well. Since first embarking on his long and distinguished career of public service, ROBERT S. KERR has been a powerful champion of the conservation and development of our Nation's natural resources. He has gained respect as an authority in the field of water resources development. He has spearheaded a national awakening of the importance of our resources. He has even authored a book entitled "Land, Wood, and Water."

On April 17, 1961, Senator KERR addressed the Eighth National Watershed Congress, an organization whose members have played an important role in the progress of the water development program. The Senator's remarks, "Water Needs of the Nation from 1980 to 2000," will be of interest to many of our colleagues, providing a clear-cut challenge which we cannot ignore.

Mr. Speaker, under unanimous consent, I insert the following and commend it to the attention of all who are concerned with America's growth and prosperity:

WATER NEEDS OF THE NATION FROM 1980 TO 2000

(Speech by Senator ROBERT S. KERR, of Oklahoma, before the Eighth National Watershed Congress in Tucson, Ariz., April 17, 1961)

Mr. Chairman, ladies, and gentlemen, thank you for letting me come here and be the first speaker on your program. This bids fair to be a great congress. Considering the strength and vigor of the many organizations participating in it, I am tempted to say it promises to be the greatest congress I've ever attended. But I won't. Back in Washington we are having a Congress, the 87th, and it is composed of many fine fellows who know theirs is going to be the greatest Congress ever. And, with the help of this Eighth Annual Watershed Congress, that Congress in session in Washington may well wind up deserving the fanciest superlatives you can think of. Certainly, this is an extremely important session of the National Congress insofar as our future water needs are concerned.

I realize the watershed congress has traditionally avoided direct action in its own name, preferring to accomplish the common aims of its member groups through the separate organizations participating in it. However, I hope the discussions and other features of this meeting will lead to positive action on many fronts aimed at the general objective of solving the water problems we face in the next 20 to 40 years.

My subject is the water needs of the Nation in the period from 1980 to the year 2000. When considered with your general theme, "The Count-Down on Water," it strikes me as covering about the most important domestic issue the country faces insofar as its future economic growth and prosperity are concerned. This congress, and the organizations taking part in it, has been of great public service in this area in the past, and will, I am sure, contribute greatly in the future.

Arizona seems to me to be a most appropriate place to ponder just where we are in the count-down on water. Arizona, location of the pioneering reclamation project in the United States, the Salt River project, offers many object lessons for the student of water resources. Some of the lessons date back 1,300 years to the Hohokams, a prehistoric Indian tribe that first irrigated the Salt River Valley. Certainly, if we can find permanent solutions for the water problems of the arid regions of the Southwest, we can surmount the difficulties which will arise when water also grows short in the wetter areas of the Nation. Necessity is the mother of invention. Some of today's inventions for water-short lands will someday help the survival of areas where water at present is plentiful.

Arizona has had many heroes in the field of water development. Majestic, life-giving reservoirs, irrigation canals, and other facilities in this State serve as their monuments. One Arizona man, in particular, stands out, the Honorable CARL HAYDEN. We who have worked with Senator HAYDEN know well why his career, stretching all the way back to statehood in 1912, has brought him the unswerving support of his fellow citizens. We understand why the little Arizona schoolgirl, when asked to name the three separate branches of National Government, replied, "executive, judicial, and Senator HAYDEN."

Arizona also can be proud, along with members of this watershed congress, that President Kennedy named as his Secretary of Interior, the Honorable Stewart L. Udall. With Mr. Udall's genius in the Department of Interior, and Senator HAYDEN's leadership of the all-important Senate Appropriations Committee, not only Arizona but all of the Nation stands to benefit. Now—and I'm being facetious—if some of these benefits accrue to the benefit of my other distinguished colleague from Arizona, Senator GOLDWATER, I am sure Senator HAYDEN and other members of my political party will applaud the benefits despite any political reservations concerning the recipient thereof. Seriously, I have the highest personal regard for BARRY GOLDWATER and partisan political considerations must not interfere with the conservation of water and other natural resources. I hope my remarks prove the need for more bipartisan action.

Our future water needs must be considered in broad perspective. I am happy to see that your program this afternoon has the theme, "Multiple Use of Watersheds." The word "watershed" has different connotations for different people. In Webster, "watershed" is defined as the area draining into any given creek, stream, lake or river.

The "Count-Down on Water" theme of this congress embodies a broader look at problems in which local watersheds are factors of varying importance. I solicit, therefore, your consideration of another concept—the basinwide interagency approach. This larger concept has been successful in my part of the country to a remarkable degree. It is interesting to note that it is gaining more and more support throughout the country. A recent publication of the U.S. Department of Agriculture points out that under Public Law 566, as amended by Public Law 1018, the Watershed Protection and Flood Prevention Act, Congress—the National Congress, that is—made it clear this

law would be used, quote, "to supplement both our present soil and water conservation programs and our programs for development and flood protection of major river valleys."

In my home State, we are proud of the developments that are underway in the Arkansas, White, and Red River Basins. Oklahomans took the lead more than 20 years ago in establishing this approach. My first bill when I went to the U.S. Senate in 1949 created the Interagency Study Commission of these basins. This study covered 180 million acres, including all of Oklahoma and parts of Colorado, New Mexico, Kansas, Arkansas, Missouri, Texas, and Louisiana. President Truman, at the time, noted that for the first time there had been specifically recognized in such legislation the need for a broad-scale study of the multiple uses of the land and water resources of a river basin.

Since that mammoth study was completed, a coordinated system of land, wood, and water conservation has been under construction in the area. It has been labeled the "Kerr plan," a label that does injustice to a large number of inspired visionaries—starting with my dad—who taught me the value of land, wood, and water. I chose those magic words, "Land, Wood and Water," for the title of a book published last year, and I tried in the book to give credit to the many people who contributed to the dream which is fast becoming reality in Oklahoma.

My activities in this field also contributed to the publication of another book recently, a volume which the U.S. Government has made available in quantity, free, for those registered for this meeting. It is the report of the Select Committee on National Water Resources which the Senate created in 1959. This committee completed its work in January.

The committee was told repeatedly that any inquiry into the Nation's potential water supply necessarily required an appraisal of conservation programs affecting all of our natural resources. I hope that if you have not had a chance to study this report, you will pick up a copy while here.

The committee found that the Nation's water supply, in relation to demands, is shrinking rapidly. Withdrawals now are about 300 billion gallons daily. Based on medium projections of the population increase, by 1980 demands on the Nation's water resources will almost double, and they will more than triple by the year 2000. If, as the committee hoped, the Nation's growth rate is greater than the medium estimates, these increased demands for water will come upon us much faster. The committee assumed that the Nation's economy will continue to grow at the rate achieved in the past, and that there will be relatively little change in the present methods of water use—and water waste. The committee found five major categories of effort needed for meeting prospective demands on a long-range basis. I would like to recite these before I give you a few statistical details based on some charts taken from the committee report. The charts will support these general conclusions:

(1) We need to improve the regulation of streamflow through the construction of surface reservoirs and through better watershed management.

(2) We must improve the quality of our streams through more adequate pollution abatement. I prefer the term "water quality management" to pollution abatement, however.

(3) We must make better use of underground storage.

(4) More water-saving techniques must be developed in the fields of irrigation, sewage treatment, and substitution of air for water cooling should be encouraged in areas of potential water shortage.

(5) Greater support must be given research programs leading to cheaper desalting

methods, weather modification, or other methods of increasing natural water yield.

All of these objectives require planning now for action in the future. For this reason, I have relabeled a chart taken from page 7 of the committee report and enlarged it for your perusal. I have given the chart the label, "Why We Need More Planning Now," because it shows clearly that total withdrawals by the year 2000 will be fairly close to the total streamflow in the United States, exclusive of Alaska and Hawaii. As of 1954, the streamflow was about 1,100 billion gallons a day, and demands for withdrawals that year were about equal to 27 percent of streamflow. The withdrawals, you will note, are divided into consumptive and nonconsumptive uses, and the committee obtained a breakdown showing withdrawals for irrigation, municipal, industrial, and power cooling uses.

I want to point out also that the committee took into consideration water losses which may result in conservation practices for watershed improvement. This factor is shown at the opposite end of the bars illustrating the anticipated total withdrawals in 1980 and 2000.

The report of the committee points out that in addition to water to provide for consumptive uses or depletion, tremendous quantities of water will be needed in our flowing streams for hydroelectric power production, navigation, recreation, fish habitat, and pollution abatement—water quality management. Estimates of flow requirements for these purposes were obtained. In the second chart, it is assumed that if water requirements for navigation are met, and if water of adequate quality for fish life is maintained, the needs of recreation will be met.

This second chart, on streamflow uses, is lifted from page 10 of the committee's basic report. The most significant factor shown in it is the estimate of flows needed to maintain the water quality of our streams. No figure was available for the current dilution requirement for pollution abatement, either in 1954 or at present, but experts convinced the committee that vast quantities would be needed for this purpose in future years. The quantities shown as required for maintenance of water quality in 1980 and 2000 are projected on the basis that the desired quality will be achieved by the cheapest combination of waste treatment facilities and storage reservoirs to provide sustained flows for dilution of effluent.

With the construction of such reservoirs, there will be many opportunities to develop hydroelectric power, but since there are other sources of electric power, the quantities of flow needed for cleaning of water were assumed to be controlling.

I would like to come back to the pollution problem in a moment, but first let me show you a third chart, this one taken from the last of the 32 committee prints which were published to substantiate the committee's findings. These prints, incidentally, give in detail facts presented to the committee during its series of 26 hearings throughout the United States. More than 150,000 copies of the committee's report or prints have been sent so far to citizens requesting them.

I don't know whether you approve of the color scheme or not, but personally, I like this chart best of all. It forcefully shows how well we can meet our water problems in 1980 and 2000, based on the present outlook for the various water resource regions of the Nation. The Nation's water resources are not uniformly distributed, and full development of all of the available resources are needed before 1980 in the five regions at the bottom of the scale. These are the South Pacific which includes southern California, the upper Rio Grande and Pecos Rivers, the Colorado River which includes most of Arizona plus the rest of the Colorado's watershed, the

upper Missouri and the great basin area of Utah and Nevada. By the year 2000, full development will be needed in three other regions. I am confident that everyone here agrees with me that the comprehensive development of these areas must proceed with all possible speed.

This confidence in your understanding of the general problem prompts me to single out one particularly knotty problem, water quality management, for your earnest consideration.

Pollution is never a pleasant subject, particularly when we start discussing specific problems. Often, the specifics are hardly mentionable in polite company. The tragedy of the Potomac River fits this pattern to a degree. I have brought with me today a set of pictures furnished by the U.S. Public Health Service illustrating some of the problems of the Potomac where it flows past our National Capital.

In this first slide, we see rubbish stacked on the shores of this historic river upstream from the intakes that draw water into the District of Columbia Metropolitan Water District. This is a trash dump—a result of human carelessness and a lack of public understanding. The materials entering the stream from this dump are similar to those that would be emitted by a sewage pipe.

Slide No. 2: Here is another picture that is not pretty and not pleasant to look at. These are bubbles of scum filled with sewer gas rising from the bottom of Four Mile Run as it enters the Potomac River from Virginia. This gas is from decaying sewage solids that have settled on the bottom of Four Mile Run.

Slide No. 3: This is another picture of Four Mile Run a short distance above its joining with the Potomac. Blue-green algae are floating slowly downstream toward the historic grandeur of our Nation's Capital. Blue-green algae grows in polluted rivers and it decays and contributes to offensive odors.

Slide No. 4: Here is the outlet of Rock Creek sewer; normally a storm sewer but one of the major contributors to the pollution of the Potomac. After a heavy rain this huge pipe flushes tons of untreated sewage into the Potomac. The Public Health Service researcher who took this picture later analyzed the fish caught by the man standing on the bridge. He found the catfish had been feeding on sewage.

Slide No. 5: This is almost too repulsive to look at. It shows sewage solids floating in the Potomac River near our Nation's Capital. This horrible mess flows from the Rock Creek sewer.

Slide No. 6: This picture was taken a short distance below the Key Bridge which leads from the District of Columbia to Virginia just a few miles from the Capitol Building. The stuff floating on the water speaks indecently for itself.

The Potomac River, grossly contaminated by sewage, is far too typical in our Nation today. Man has perpetrated this enormous folly in every part of the country. One report to our committee advised that our cities are now receiving approximately twice as much pollutant from municipal sewage systems alone as was considered safe in 1955. Here are some slides showing other pollution problems, at random, across the Nation:

Slide No. 7: This shows blood pollution of the Jean Petit River in Arkansas caused by wastes from a small custom packing plant. Near this spot people were fishing for gar which had gathered in the area. These rough fish had been attracted by the wastes.

Slide No. 8: Here we have a scene that is far too common—showing raw sewage spilling into what would otherwise be a beautiful river. The picture was taken a few years ago at Idaho Falls where a municipal outfall discharged directly into the Snake River.

Slide No. 9: Here is evidence of industrial pollution on the Holston River, downstream from Kingsport, Tenn. Those slimy organisms grow only in water so foul nothing of value can survive in it.

Slide No. 10: Another example of industrial wastes, this time below an oil refinery in Arkansas. The oil has collected behind obstructions in the stream.

Slide No. 11: This may be destroying my buildup, but I couldn't show that series of pictures without providing some visual relief for you. Here is the way water ought to look. The picture was made at Big Falls on Henry's Fork of the Green River. The shocking pictures which preceded it more accurately, however, illustrate the peril of our position.

As I mentioned earlier, we must devote more and more of our streamflow resources in this country to pollution abatement, and to this end, I have offered legislation to the Congress this year which meets the need head on.

My proposal, Senate bill 120, also would increase Federal support for the construction of sewage disposal plants. It also would authorize an intensive 5-year program of research in developing new methods of treating sewage. We might as well face the brutal facts—we will have to achieve virtually complete storage of river flows in most of our country to meet the water needs of this century.

Most Americans will be drinking, cooking with, bathing in, and otherwise using secondhand or thirdhand water. This means water will have been used, and purified, and used again not once, or twice, but perhaps several times.

My bill would emphasize the responsibility of the Surgeon General in participating in planning reservoir capacity and releases of water where such capacity and releases might be used to aid in improving the quality of water for municipal and industrial uses, fish and wildlife, and other such purposes.

I was bitterly disappointed last year when President Eisenhower vetoed a clean water bill designed to expand a program launched in 1956. He actually rejected the advice of his own Health, Education, and Welfare Department. Since then, Public Health Service leaders have stated repeatedly our present laws are inadequate to keep up with the program. The Public Health Service told me last week the backlog of needed sewage facilities in this Nation is estimated at \$1.9 billion.

Now, however, the prospects have brightened considerably for the passage and Presidential approval of legislation designed to strengthen this and other phases of our water resources program. I don't know what the weather has been like lately in Gettysburg, Pa., or Palm Springs, Calif., but I can tell you the political climate in Washington has improved tremendously. We expect our water quality management bill, as well as all other measures dealing with natural resources development, to fare much better. They certainly will if you watershed partisans really work.

During the past 8 years, we have been slowed down or stopped by an administration wedded to the "no new starts" theme. But President Kennedy in his special message on natural resources to the Congress stated: "Pollution of our country's rivers and streams has, as a result of our rapid population and industrial growth and change, reached alarming proportions. To meet all needs, domestic, agricultural, industrial, recreational, we shall have to use and reuse the same water, maintaining quality as well as quantity. In many areas of the country we need new sources of supply, but in all areas we must protect the supplies we have."

The President specifically referred to Senate bill 120 as a recommended approach to the problem.

In this same message, the President endorsed our interagency river basin concept for the development of our water resources.

Therefore, from this vantage point in Arizona, not far from the pioneering reclamation project on the Salt River, we can view our water resources picture with optimism despite the greatly increased needs of the coming decades.

As chairman of the Senate Aeronautical and Space Sciences Committee, I have frequently heard scientists refer in recent months to the long leadtimes required for development of rockets and space vehicles. Lack of leadtime is now costing us dearly in our efforts to match Soviet Russian exploits. Insofar as our water problems are concerned, we still have the leadtime to make the countdown entirely successful if we act with sufficient vigor.

Just a few days ago, President Kennedy clearly demonstrated his vision and imagination to press forward on this new frontier. Out of the flurry of excitement over the Russian penetration of space came a calm statement from the President putting the water problem into sharp focus.

President Kennedy pointed out that "democracy is more durable in the long run," saying he hoped that the United States would be first in other areas, first in achievements that will bring more long-range benefits to mankind.

And then, perceiving the romance and drama in the crusade for conservation, President Kennedy placed the scientific conquest of water problems on a par with the historic probe into space.

Specifically, he cited the effort of American scientists to find an inexpensive way to get fresh water from salt water and said that if this succeeds it "would really dwarf any other scientific accomplishments" from the standpoint of humanity's welfare.

This new accent on water problems gives us fresh hope and enthusiasm. Conservation has often been a hard and thankless battle. Now, the waterman may be coming into his own. Watermen and spacemen may be marching shoulder to shoulder in America's legions of honor.

And while we do honor and reward America's famed astronauts, let us fashion fitting citations of merit for the "hydronauts."

The "hydronauts" of the new frontier will crack the barriers of salinity control, complete conservation control and water quality control.

Then let these heroes of conservation be given due recognition by a thankful people and a grateful Government.

Senator Keating Delivers Important Address on Governmental Reform

EXTENSION OF REMARKS OF

HON. CHARLES E. GOODELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. GOODELL. Mr. Speaker, the junior Senator from New York [Mr. KEATING] recently delivered an interesting speech on the need for certain governmental reforms before the annual banquet of the Olean Chamber of Commerce. He outlined a concrete program for increasing congressional efficiency in the appropriation process and generally

urged fresh initiatives to gear our Government to modern problems.

In view of his long crusade for efficiency in Government and his deep study of this field, Senator KEATING's remarks deserve wide circulation and study. I therefore ask unanimous consent that the text of his address before the Olean Chamber of Commerce be printed at this point in the RECORD.

REMARKS OF SENATOR KENNETH B. KEATING, OF NEW YORK, BEFORE ANNUAL BANQUET OF OLEAN CHAMBER OF COMMERCE, OLEAN, N.Y., APRIL 22, 1961

Mr. Chairman, members of the chamber of commerce, honored guests, it is a pleasure to be with you here tonight. I must say that during the recent basketball season I saw the Olean dateline quite often in the newspapers. It would appear that Tom Stith and his teammates were of great help to the chamber of commerce in putting Olean in the Nation's eye, and I'd like to state that as a western New Yorker I was proud of the fine national record established by the St. Bonaventure team.

You are here today as citizens interested in government. There is nothing so valuable to a free society as people such as yourselves. A free government is people. When it ceases to be that—when it becomes bureaucrats and legislators, experts, and researchers operating in a self-made empire—then it is in trouble.

As a Member of the Congress, I have always taken a deep interest in good government. Good government is not automatic. It requires constant vigilance.

It is founded on the greatness of the past and at the same time is willing to accept the dynamic challenges of the future. Good government, therefore, by definition, is both past and future. Let me elaborate for a moment on this point. As for the past, all of us recognize that the greatness of our Nation today depends very largely upon the preservation of individual initiative and incentives, which are so much a part of our free, competitive enterprise system.

While seeking to govern effectively, we recognize that the concentration of too many activities and of too much power in Washington—or anywhere else—tends to drain so huge a lump of every man's income away in taxes that his energies and initiative are depleted and eventually diminished altogether. We must remember that the coin of government has two sides—spending and taxing.

But government cannot be static and inflexible. We must be willing to expand the role of government in those specific fields in which it is found to be necessary. We must strengthen existing government programs where there is a clear need to do so.

This is the framework which I try to keep in mind. The Nation as a whole must make the great decisions as to what the Nation should do—what should be the size and scope of the activities of our Federal, State, and local governments—how authority and responsibility should be related and equated.

To make these decisions, the public must be informed and articulate. There is much yet to be done in bringing the Government closer to the people. In this day and age of mass media, and the urban sprawl, we must renew and reinvigorate our efforts to make government more understandable so that all Americans can appraise its actions and develop opinions on the major questions of our day.

The chamber of commerce is one of the organizations which is doing an important job in this field.

In this connection, let me touch upon a few questions that illustrate the point I have in mind. In doing so, I want to out-

line a program to gear our Government to 20th century problems and to promote efficiency in its operation.

First, there is the matter of the item veto. For many years, I have sponsored legislation to permit the President of the United States to veto items in appropriation bills without having to veto the entire bill.

In a nutshell, if we would provide the President with the power to veto items in an appropriation bill, that is the most effective single step we could take to eliminate waste and pork barreling and enable the Government of the United States to operate more economically and efficiently.

Many States have successfully provided their chief executives with this needed and constructive power of the purse. It is clear from their experience that the Federal Government and the taxpayers of America would benefit materially from the institution of the item veto.

This is a matter that should not be the exclusive concern of legislators.

It affects all of us—and every American should think of the item veto not as a vague phrase but as a step toward the better kind of government he wants. And if he has convictions, he shouldn't jingle them in his pocket, but put them on the line. So the next time you write a letter to a Congressman, may I suggest that instead of talking in negative generalities about wasteful spending in government, you urge him affirmatively to support this constructive reform.

Secondly, there is the proposal, now in the form of a bill, of which I am a cosponsor, whereby a Joint Committee on the Budget would be established.

This committee would examine the budget as a whole, and not piecemeal. It would handle this important fiscal responsibility in an efficient, modern way, not with the horse-and-buggy methods of the past. This bill has wide support. It deserves the backing of responsible, savings-minded, efficiency-minded citizens.

In this same vital fiscal area, there is an urgent need for a broad and searching consideration of tax reforms. Here, too, is a problem that is the business of all Americans, not just the lawmakers.

One suggestion worthy of study in this field is the establishment of a Hoover-type commission to examine analytically the entire tax structure, and submit recommendations for changes geared to the times and designed to eliminate inequities. It is all right for people to have a passion for antiques—but our tax laws shouldn't be early American.

Many businessmen, like yourselves, will say that taxes are a bloodletting where a transfusion is needed. To pursue this subject a bit: As you are aware, more interest is being focused on taxation today than since—well, let me say, since the Boston Tea Party.

Recommendations run the gamut from sanity to extremism. Some groups are now calling for tax reforms that would abolish income tax completely, and return all Government business-type operations to the States.

Now, I agree with the school of thought that favors revision and modernization of our tax policies. I also recognize that there are certain Federal functions that can and should be turned over to local governments. But it is neither realistic nor practical to suggest the abolition of the Federal income tax.

Just as one example, how could we possibly achieve a posture of national defense and security in a world where power is not only the first requisite of safety but the indispensable requisite of survival? The argument for the fragmentation of national power—power based on Federal taxes—falls

apart when we contemplate the alternative—a defense system geared to the days of the bow and arrow, not to the age of the hydrogen bomb.

Now, my third point is that we must cease to venerate the status quo. When we build automobiles we don't go on the principle that no improvements are possible on last year's model.

In government, too often the ways of the past have been sanctified and perpetuated. Not only is last year's model still good, but even the last century's model in some cases. My own feeling is that we must constantly keep the door of our mind open to new concepts, new approaches, new directives. Not because change in itself is desirable, but because changes for the better are desirable—changes that will give us more efficiency per dollar, more achievement per effort.

I should like to cite an example. The suggestion has been advanced that a special session of the Congress be authorized for the sole purpose of studies, hearings and legislative action in the vital field of appropriations.

Such a session might take place in November and December of each year, prior, that is, to the opening of the regular session. Now such a proposal deserves serious consideration.

The business of appropriating sums in excess of \$80 billion requires time, study, consultation, and deep reflection. At present this whole operation is done on a piecemeal basis, subject to the interruptions, the distractions, the emergencies that go hand in hand with a regular session of the Congress.

It is my conviction that more effective, more businesslike, and, not the least important, more money-saving general appropriations legislation would result from this special session proposal I have briefly outlined to you.

There is a fourth and final point I should like to make in this program of modernizing and vitalizing the operation of our Government. This point is embodied in another bill which I am sponsoring in the Senate. This measure is based on the premise that the more people know about the way government operates, the better a government operation we will have.

It calls for the establishment of a "know your Government" service whose sole function will be to break down the wall of secrecy that lies between the people and their Government. The idea is to make government the living thing it ought to be, not the big anonymous, incomprehensible force that directs our lives from a central control system.

Too many of our citizens know only what they're obliged to do for the Government. They don't know that the Government is a two-way, not a one-way, street—that it was created to serve the people, not to be their master. My contention is that we must do on the national scale what is so well done on the local scale—in cities like your own.

Your active, informed, alert citizenry is the greatest human resource that Olean possesses. You have a history here of thinking for yourselves, acting by yourselves—and economic adversity hasn't made you sit down and wait, but stand up and fight. For Washington is not the ultimate solution to every problem. It may assist, it may cooperate, but the prime mover must be the drive, the energy, the spirit of citizens like your own who don't just stare at difficulties but roll up their sleeves and go out and work to overcome those difficulties.

I want to make it clear that the four-point program I have discussed with you today is not just a matter of good housekeeping in government. It is, above all, a matter of strengthening the muscles of democracy—of better preparing us to withstand the tremendous challenge that free societies like

our own are facing throughout the world today as communism mounts its silent and deadly offensive.

Too many Americans think that a fight doesn't begin until the bell rings—until a shot is fired—until the sirens go off.

The cold, hard fact is that a fight is going on right now—across the world, a struggle that we're in whether we like it or not—a titanic struggle that is not conventional war, where there is no blood, no thunder, but where our freedom can be put to death as surely as a bullet can kill or a bomb can destroy. That is why we Americans can no longer afford the luxury of apathy. That is why the way America is run is the personal business of all Americans, not the prerogative of an official few.

We face a foe that has a single purpose: the destruction of all freedom.

Against that diabolical resolve we must throw the full strength of our energies, the full dedication of our spirit. And in this connection, let me leave one final thought with you—a thought every one of us should burn into his heart and mind. History has recorded for us the many ways in which human freedom has died—gloriously, cravenly, forlornly, but the saddest, most ignominious death of all is when freedom dies in its sleep.

Columbus Couldn't Get a Visa

EXTENSION OF REMARKS OF

HON. JOHN V. LINDSAY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. LINDSAY. Mr. Speaker, under unanimous consent, I include in the RECORD an article written by Senator WARREN G. MAGNUSON, of Washington, which appeared in the New York Times magazine on April 16. Senator MAGNUSON's article, entitled "Columbus Couldn't Get a Visa," is an incisive and perceptive analysis of the problems encountered by foreign visitors to the United States and of the need for legislative remedy.

Senator MAGNUSON has made a major contribution toward the encouragement of a greatly increased flow of foreign visitors to the United States by piloting legislation for the establishment of a National Travel Service both last year and this year. No one can speak with greater authority on the question of foreign tourist travel to the United States than the Senator from Washington:

COLUMBUS COULDN'T GET A VISA—AND THERE-
LIES ONE OF THE CHIEF OBSTACLES TO
MAKING THE UNITED STATES A WORLD
TOURIST CENTER

(By Senator WARREN G. MAGNUSON, of Washington, chairman of the Interstate and Foreign Commerce Committee)

Because he was a recent indigent, insane (by contemporary standards) and born in Italy—a country whose immigration quota is heavily oversubscribed—Christopher Columbus could never have qualified for a U.S. tourist visa. Nevertheless, he was the first foreign visitor to these shores.

Since then, foreign visitors have made a remarkably profound contribution to our national advancement. Many of them have become effective ambassadors for us in their lands. Today, with tourist travel becoming

an evermore potent economic force, the flow of tourists to this country has taken on new significance. Yet, with a thousand and one reasons for promoting the United States as a host nation, our Government has, until recently, displayed a towering indifference to its guests. Unlike almost every other country, we do nothing to attract the international traveler. There has been little or no official leadership in improving the quality, and minimizing the cost, of tourist facilities here. Our visa laws have had the effect of actually discouraging travel to this country. As a result, most of our foreign visitors today are, in reality, simply border-crossers, from Canada and Mexico.

Hundreds of thousands of newly prosperous Europeans, as well as our many South American and transpacific friends, have yet to discover America as an attractive and rewarding vacation land. It is a sobering truth that far more Europeans visit the Soviet Union every year than visit the United States. Of more immediate consequence is the fact that for every visitor from overseas (not counting those from Canada and Mexico), there are three or four American tourists who vacation abroad.

The current movement for a national tourist promotion program actually began when we in Congress awoke to the economic implications of this last statistic. Eighteen months ago the Committee on Interstate and Foreign Commerce undertook a special study of America's declining position in international trade and its effect upon our continuing balance of payments deficits. Realizing that the strength of our export trade is the foundation upon which this country's economic leadership in the free world must be based, our committee concentrated its study on discovering where our sales abroad had faltered and why.

We proceeded down the list, commodity by commodity, and found part of the reason for our payments deficit in 1959 was the fact that the United States was buying more iron and steel, more passenger cars, more textile products from abroad than it sold abroad. Yet our net loss of dollars through the exchange of such products turned out to account for only a small fraction of the dramatically adverse tilt in the payments scale. Then we made the discovery that the greatest single imbalance arose not from an exchange of goods but from an exchange of people.

One needn't be an expert in international trade to know that a dollar spent for the purchase of foreign goods and services represents, in terms of outflow of currency, an import, whether it is spent in the United States or elsewhere. By the same token, an export occurs whenever and wherever a foreigner purchases American goods and services.

In 1960, Americans spent approximately \$2.2 billion on travel abroad (not including payments to American carriers), making foreign tourism by far our largest single import. In contrast to this, the combined expenditures of foreigners who visited the United States—including residents of Canada and Mexico—were only one-half as much, placing tourism well down on the list of American exports.

As a result, the current imbalance between our tourist expenditures and tourist receipts is over \$1.1 billion—nearly one-third of the entire balance of payments deficit.

Economic self-interest demands positive measures to help close this "travel gap." A prudent sense of international public relations dictates that this should be accomplished by increasing the number of foreigners who visit here—not, obviously, by abridging or inhibiting our own citizens' right to journey abroad.

Contrary to the situation which existed only a few years ago, rising prosperity in many foreign countries has put money in the

pockets of would-be travelers, particularly in Western Europe. Travel restrictions imposed on them by their governments have been lifted or greatly relaxed. The potential market for travel to this country, therefore, is growing daily.

It was with such thoughts in mind that several of my Senate colleagues joined with me last year in offering legislation to rescue the foreign visitor from official oblivion by initiating this country's first real travel promotion and facilitation program. Adopted unanimously by the Senate, the bill was not acted upon by the House. A similar measure, Senate bill 610, was again enacted by the upper Chamber in February. At present, it is being considered by the House Committee on Interstate and Foreign Commerce.

In his recent message to the Congress on the problem of the outflow of gold, President Kennedy called for immediate steps to plan a program based upon the major provisions of this proposed legislation. The President has also written to me personally in support of the measure which, he agrees, "will open up a long-neglected channel for improving international understanding, as well as help our payments problem."

I am now hopeful that our long endeavors to bring this program into being will soon begin to bear fruit. We must not assume, however, that the job of attracting and accommodating a greater number of foreign visitors can be done overnight, merely by the passage of this needed legislation. Whether the United States becomes an international tourist center depends squarely upon the continuing efforts and awareness of the American Government, the American travel industry, and the American people.

Why do we lag so far behind other nations in the field of foreign travel and what obstacles must be overcome? Contrary to a great deal of supposedly expert, and usually conflicting, opinion, I am convinced that there is no single answer to this question. In my judgment there are at least three major problem areas where positive action is required. It is these three areas toward which we have directed the pending legislation.

First is our total lack of promotional activity abroad. The United States is probably the only organized society on the face of the globe which does not purposefully advertise and promote its scenic, cultural, and recreational attractions. From Swaziland to Switzerland to Sweden, governments have long considered the attraction of outside visitors an important and legitimate function.

If the governments themselves did not so consider it, it was only because they could rely on a chamber of commerce which did. One need only stroll down Fifth Avenue, Piccadilly or the Via Veneto and observe the colorful and inviting window fronts of tourist bureaus representing countries in every corner of the world. In some capitals a nation's national travel office is often a bigger operation than the same country's local embassy.

If a U.S. travel office is conspicuous by its absence in London, Rome, or Paris, the loss extends far beyond a question of prestige. Among other activities, these bureaus serve as points of distribution for local travel agents of pamphlets, guidebooks, and other promotional materials published by private and public tourist organizations in the home country.

Walk into any European travel agency and you will in all probability be able to find out the fee on the ski tow at Kitzbuehel, the price of a meal in some obscure Czechoslovak village, and everything you need to know for a trip to Uzbekistan. But chances are that the man behind the counter will not be able to tell you the train fare from

New York to Chicago and has probably never even heard of Colorado Springs.

But this is only part of the promotional void.

A few pages away from the one you are now reading you will probably find at least one attractive advertisement beckoning you to some foreign land, inserted by the government-supported tourist office of that country. Nearly \$10 million worth of such advertising is placed in American newspapers and magazines every year. Needless to say, the foreign press has yet to see its first U.S.-sponsored full-color spread portraying the gaiety of Mardi Gras in New Orleans, the excitement of an Iowa county fair, or the majestic beauty of Mount Rainier.

If there is any doubt travel advertising and related promotional activities produce results, all we need do is to look again at our own international travel statistics. Since 1953, the volume of foreign travel by our own citizens has exactly doubled. Our population has certainly not doubled in that period; our economy has not grown by anywhere near 100 percent, nor have the levels of disposable personal income. An increase of this order is obviously not the result of any lowering in travel costs.

There is, in short, very little that could explain such a phenomenal burgeoning of American travel abroad except the skillful and vigorous efforts of foreign governments and various international carriers, many of which are owned by these governments.

Aside from stimulating a broader long-term flow of visitors to this country, the program of overseas offices and paid advertising called for in Senate bill 610 would be invaluable in publicizing our two upcoming World's Fairs. The Federal Government has devoted many millions of dollars toward making the New York fair and Seattle's "Century 21" exposition truly international showcases. A failure to back up this investment with suitable promotion abroad would be shortsighted, to say the very least.

The second major factor inhibiting an inflow of tourists to the United States boils down to a question of geography—the thousands of miles that separate us from our principal markets for new tourists, plus the fact that the United States is itself a mighty big country. New jet aircraft have fortunately overcome these disadvantages so far as travel time is concerned. But the problem of travel costs remains as big a hurdle as ever.

If we are ever to coax our foreign friends into seeing San Francisco as well as the east coast, or to lure them to Yellowstone Park as well as to Miami Beach, something will have to be done to keep transportation fares, both to and within the United States, as low as possible.

One suggestion has been made which deserves particularly careful study: the adoption of a flat-rate, limited-period pass by domestic carriers for exclusive use by bona fide foreign tourists. Travel-conscious European nations have long offered this money-saving convenience to American guests in the form of the famous "Eurail pass."

So far as international fares are concerned, significant reductions are bound to come as the volume of two-way traffic increases. Developing a larger flow of foreign visitors will thus serve to benefit the pocketbooks of American travelers as well.

Finally, we come to the much-discussed problem of our visa requirements, the third principal stumbling block in the way of launching a realistic travel program and the best example of why I have called the foreign visitor today's "forgotten man." As a matter of fact, the law presumes he does not even exist.

Section 214(b) of the Immigration and Nationality Act states that "Every alien shall be presumed to be an immigrant unless he establishes * * * that he is entitled to non-

immigrant status * * *." If the potential visitor happens to be young and single, or from a country whose U.S. immigration quota is oversubscribed, the task of convincing our officials that he (or she) is a bona fide non-immigrant may be anything but easy. But even if he succeeds, he must then go on to pass all of the tests of admissibility—legal requirements which were designed with the immigrant, not the visitor, in mind.

How does this work out in practice?

If a Danish citizen, for example, wants to visit his brother in Minnesota, he must first travel to our embassy in Copenhagen, present his passport, submit photographs, show evidence of his visitor status, fill in the necessary forms and then proceed to satisfy our consul that he is not feeble-minded, a drug addict, a polygamist, a criminal, a leper, a professional beggar, or a person liable to become a public charge or who has any immoral purpose in coming to the United States.

There are 31 separate categories of excludable aliens and the whole procedure may take anywhere from a day to a month.

Finally, with visa in hand, our Danish friend catches his plane, feeling like a Brooklyn schoolboy who has just wangled a ticket to the world series—until he arrives in New York. Then he discovers that this hard-won piece of paper is nothing more than a permit to apply for entry into the United States.

He must now take on a completely new branch of our bureaucracy, the Immigration and Naturalization Service, and satisfy them, too, of his honesty, morality, and financial resources. If he is lucky, the inspector stamps his passport "Admitted" and the ordeal is over.

But suppose instead that the brother in Minnesota decides on a trip to Denmark. The contrast is almost unbelievable. Never once does he see the inside of an embassy or consulate. The first Danish official he encounters is at the airport in Copenhagen, a pleasant fellow who stamps his passport "Welcome to Denmark" (in English, mind you), hands him an envelope with a souvenir medallion and a letter of greeting, and sends him on his way.

It is a demonstrable fact that the average Dane, Swiss, Bolivian, or Thai today finds it much easier to enter Communist Russia than to get within sight of the Statue of Liberty. For all our talk about the Iron Curtain, the unpleasant truth is that when it comes to international pleasure travel our own curtain of red tape can be far harder to penetrate than the Iron.

The Department of State is to be commended for its recent abolition of the so-called "long form" for visitors, thus clearing away some of this red tape. But that is only one step in the right direction. Further administrative improvements to expedite visa issuance can profitably be made, including fuller staffing of our consulates abroad.

It is probably also time to take a long new look at the law itself. I am constantly struck by the brevity of our statute on passport eligibility for Americans, which is only a few lines long, compared with the page after page of legal provisions applicable to friendly tourists. Surely it is just as damaging to the national interest (if not more so) to have American indigents, prostitutes, and so forth, displaying our flag abroad as it is to allow such persons into this country temporarily from abroad.

Yet we have never felt the necessity for placing endless restrictions on American tourists, and rightly so. Why, then, should our foreign visitors present such a different problem? Legislation looking toward a simplification of the law respecting foreign visitors has recently been introduced by two of my colleagues, Senator JACOB JAVITS and Representative JOHN LINDSAY, both of New York. These measures deserve our careful consideration.

Sensible administration of revised visa laws, plus reasonably lower transport costs, plus an adequate program of travel promotion abroad should result in a significantly increased stream of foreign visitors. But will we be prepared to receive them? More important than any other aspect of our national travel program is the care and attention we give to this question.

Unless we can gear our own tourist industry—an industry which in a way includes almost all of us—to an accommodation of the special requirements of new foreign guests, it might be better not to extend the invitation.

This means more and better packaged tours, solicitation and accommodation of specialized groups of travelers, an end to the notorious rudeness of baggage handlers and other service personnel at ports of entry, sightseeing trips built around the needs and interests of foreign guests, civic and private hospitality clubs to meet and socialize with overseas travelers, more language proficiency on the part of sightseeing, hotel and other key industry employees, and many, many other things. Above all, it means a general recognition of the importance of assuring that each traveler from abroad returns to his home with a higher opinion of America, her ideals, her institutions and her people.

The less than \$5 million travel program which the President and we in the Senate have recommended may never completely close the travel gap. But it still adds up to a mighty inexpensive welcome mat for a nation which prides itself on being a good neighbor.

A Parliamentary Association for the American Nations

EXTENSION OF REMARKS OF

HON. VICTOR L. ANFUSO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. ANFUSO. Mr. Speaker, I have reintroduced a joint resolution, House Joint Resolution 389, expressing the sense of Congress that a Pan-American Parliamentary Association—PAPA—be established and authorizing the creation of such an association. This resolution has also been introduced in the Senate by the Senator from Florida, the Honorable GEORGE A. SMATHERS.

I feel that the establishment of such an organization is of paramount importance for the good relations within this hemisphere, which we all recognize to be in dire need of strengthening in these critical times.

All of us are well aware of the need to establish the greatest possible measure of understanding, harmony, and cooperation between the nations of the Western Hemisphere. Despite our good neighbor policy of the past quarter century, we know that much resentment and dissatisfaction with U.S. policy persists in Latin America. Demonstrations against the United States have occurred in the past in several of the capitals of our neighbors to the south; they are continuing to occur with a persistency which gives us food for thought that certain forces are stirring up these anti-U.S. demonstrations with a specific purpose in mind.

The administration has taken cognizance of the situation in Latin America, and has proposed a new good neighbor policy streamlined to meet the needs of the 1960's. This new program is a big step in the right direction. It has been universally acclaimed, both at home and abroad, as a logical move.

It is only a first step, however. There is no need to discuss in great detail the reasons for increasing and improving our relations with the Latin American nations. They are our closest neighbors. It is a well-known fact that we have taken them for granted for too long. It is regrettable that it took a Communist dictatorship only 90 miles from our own shores to awaken us to this fact.

The truth of the matter is that the Latin Americans desperately need our help in their efforts to attain a decent standard of living; in the exploration and exploitation of their natural resources; in their economic growth; in expanding their industry and improving their agriculture; and, most importantly, in giving them a feeling of national dignity and importance.

After first suggesting the creation of a Pan-American Parliamentary Association during the 85th Congress, I was privileged to visit several Latin American countries in late 1958. A full report of my visit there, as well as my views and findings, appeared in the CONGRESSIONAL RECORD, volume 105, part 1, pages 396-99. The principle of my proposal was enthusiastically received by the leaders of many of our Latin American neighbors and by our own Department of State.

Briefly, the resolution being offered by Senator SMATHERS and myself calls for a 12-point program of mutual help and understanding to be furthered through the creation of PAPA. This program would accomplish the following:

First. Create better understanding and foster closer personal contact among the elected legislators of the American nations.

Second. Stimulate greater public knowledge of, and make more effective, the Organization of American States—OAS—and other agencies designed to promote the best interests of the American nations.

Third. Expand the educational and scientific exchange programs.

Fourth. Develop closer cultural relations throughout the hemisphere.

Fifth. Improve trade relations and reduce the barriers to trade between countries in the Western Hemisphere.

Sixth. Encourage large-scale tourism between the Americas.

Seventh. Help to provide relief in times of disaster and other emergencies.

Eighth. Seek means to dispose of surplus commodities of all sorts in the various countries in order to help their economies.

Ninth. Help to raise the standard of living throughout Latin America.

Tenth. Aid in the development of plans for the sound economic expansion of the Latin American countries, including U.S. public and private investment in their economic development.

Eleventh. Assist them in the modernization of their agricultural methods.

Twelfth. Seek solutions to other problems of common interest and concern to the countries of the Western Hemisphere.

Thus, the resolution would establish a Pan-American Parliamentary Association to help protect freedom in the Western Hemisphere, to create better understanding between the United States and Latin America, to encourage greater economic development, and to promote closer cultural relations.

The Parliamentarians would seek through public debate to find legislative means to bring economic stability to the member states. They would encourage and support democratic governments in giving free expression to the people and would utilize all efforts to expose Communist influences seeking to establish satellites within the Western Hemisphere.

This association would help strengthen the Organization of American States just as the NATO Parliamentary Conference is helping to strengthen the NATO organization. It would be another bulwark of freedom on this side of the Atlantic.

At a time when President Kennedy has enunciated a strong statement of U.S. policy in regard to the Cuban situation, the parliamentary organization would seek to extend this declaration to all of the American states who are determined to remain free from communism.

The creation of such an inter-American body comprised of the elected representatives of the people would help to develop a positive and direct people-to-people approach in our relationship, treatment, and dealings with our neighbors of the Western Hemisphere.

The resolution proposes the creation of a parliamentary association, the membership of which is to be composed of elected representatives of the various member governments. PAPA would, therefore, necessarily bar the membership of Castro's Cuba which has not had an election during the time in which that Communist dictator has been in power. I am convinced that if popularly elected representatives of the free nations of the Western Hemisphere could meet in person to discuss problems of mutual interest, much could be achieved in the way of better understanding and more harmonious relationships.

The joint resolution provides for U.S. participation in the proposed parliamentary organization and the appointment of 18 Members of Congress, from both parties, to represent the United States at conferences to be held annually or more often in the different hemispheric capitals.

We must stop taking Latin America for granted. Experience has demonstrated, within the past 2 years alone, that if we are to maintain the traditional friendship and solidarity between the nations of our hemisphere, we are going to have to foster these friendships by mutual understanding.

Mr. Speaker, I sincerely believe that the joint resolution which I am proposing is the key to such understanding. Past experience should by now have made clear to us that we can no longer afford to put off until tomorrow what

must be done today. I hope and trust that the idea of a Pan-American Parliamentary Association, as proposed in House Joint Resolution 389, will soon become a reality.

The Agricultural Situation Is a Many-Sided Thing

EXTENSION OF REMARKS

OF

HON. LESTER R. JOHNSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. JOHNSON of Wisconsin. Mr. Speaker, the urgent need for enactment of long-range and forward-looking farm legislation was emphasized by Agricultural Secretary Orville Freeman when he testified before the House Agriculture Committee April 24 on the proposed Agricultural Act of 1961. He cited the current technological explosion in agriculture and the magnitude of the storage problem as two of the reasons why this bill should be enacted into law as soon as possible. Under leave to extend my remarks, I would like to include this portion of his testimony in the RECORD:

TECHNOLOGICAL EXPLOSION HAS INTENSIFIED THE FARM PROBLEM

THE URGENCY OF THIS LEGISLATION IS FURTHER EMPHASIZED BY THE CURRENT TECHNOLOGICAL EXPLOSION IN AGRICULTURE

The magnitude of the technological revolution in agriculture is too little recognized, and its consequences—in the present and for the future—are not sufficiently realized or understood.

Agricultural efficiency and productivity have advanced so rapidly during the past decade that agriculture has tripled its output per hour of labor while industry's output has only doubled. Output in agriculture increased much more rapidly than the commercial market increased. During the 1950's farm output increased by 28 percent while population increased only 19 percent. Since the domestic demand for food is tied closely to population changes this means that supplies have outrun demand. Supplies have pressed against population needs in the United States and given rise to a constant downward pressure on farm prices.

This increase in output has been accomplished with the use of only 2 percent more resources than were used 10 years ago. The composition of these resources has changed sharply, with about one-third less labor and 6 percent less cropland. But the use of machinery, fertilizers, pesticides, and other purchased inputs has risen sharply. Overall efficiency, in terms of output per unit of input has gone up by 25 percent. These changes in resource needs have had a sharp impact on declining farm employment, increased capital requirements, and the decreasing opportunity for young people to enter farming.

This technological revolution in agriculture has only just begun. Only a few of our farmers are using all of the new technology to the best advantage. Economists in the Department of Agriculture recently estimated that a population of 230 million people in 1975 could be provided better diets, and our export markets readily satisfied, from a crop acreage no larger than that in use just prior to the start of the Conservation Reserve program, simply by using

presently-known methods of production on most farms. If all farm production in 1975 were to be carried on with only the best techniques in use in the late 1950's, not all of the cropland acreage now in use would be needed for food and fiber production.

It breaks down to this: If American farmers are given some assurance of relatively favorable prices and incomes in the 1960's, and if we provide a sound program for adjusting our production to that which can be used, we will have a highly productive and flexible agricultural plant—one capable of responding to any foreseeable food production emergency. This is the kind of an agriculture we want.

But, in the absence of such a program, results could be disastrous. What are the potential consequences?

Farmers could, in the absence of such a program, use their productive capacity indiscriminately. In that event, if support programs were continued, the burden on the Federal budget would become intolerable, and the stockpiles of surplus completely unmanageable. Or—and more likely—the public would refuse to continue such supports, and prices and incomes would be driven down so low that results could be catastrophic. Millions of farmers, their incomes depressed below subsistence level, would swell the ranks of the unemployed, would crowd already crowded areas of our cities, seeking jobs. And many of them would be neither trained for jobs or adjusted to city life. The economic problem would be complicated by the social problem.

This is not all. I should like to point out here how such a development would in the end be likely to add higher consumer food prices to its unfortunate results. Further decline in income for the family farm could lead to a corporate type agriculture controlled by outside capital. Hired labor would increasingly replace work done by the farm operator, and the costs of management, supervision and labor would go up. For one of the major reasons why the American family farm has become the most efficient agricultural producer in history is that the owner-operator is on hand, to do the work and to supervise the work. Neither collective farms nor large corporate landowners are able to match the efficiency that results.

If low incomes squeeze out all but a few corporate-type farms, there would doubtless result the kind of supply control that would result in high prices, without regard for the public interest, or the consumer interest, or interest in our programs to expand the use of food abroad in the interest of peace and economic progress.

We deplore the collectivization of farms in a part of the world, and we would encourage land reform in those other areas where huge landholdings have—like the Communist collective farms—proved so inferior to our family farm economy. How ironic it would be if we allowed that family farm economy, that has proved its superiority socially as well as economically, to be destroyed for want of the tools it needs to meet conditions of today.

The family farm in this Nation has reached a pinnacle of success in its primary function, the production of an abundance of food and fiber to meet human needs. It has made this abundance available to the consumers of this nation at a lower real cost than ever before in history. The consumer now spends about 20 percent of his disposable personal income for food, as compared with more than a fourth in 1947. The consumer in America works fewer hours to feed himself and his family than in any other country. The American public should pay tribute to the farmer for his contribution to our standard of living. Even Khrushchev pays that tribute. A little over a week ago he was quoted as saying that the Soviet

triumph in space "must not detract the attention of the Soviet people from other targets, and these include catching up with the United States in the standard of living."

To insure our continued superiority in this field in which we have unquestioned leadership, we propose a program that will end the current paradox in which productive success has led to economic distress. This happens, in a large measure, because of the inelasticity of the human stomach, hence the inelasticity of the demand for food. A little too much in the way of food supplies leads to dramatic farm price declines—hence to a farm income problem. And a little too little in the way of food supplies leads to skyrocketing food prices and a real income squeeze on consumers—this is the food problem so often encountered in wartime.

In fact, paradoxical as it may seem, these gyrations and this instability can hurt both producer and consumer at the same time. The instability adds to the risk of farming, and risk always increases costs. And the uncertainties of economic ups and downs make for an inefficient use of the productive plant the farmer has, and which he must maintain whether prices are good or bad. This, too, increases costs.

This leads to my final point with regard to the technological explosion and its effect on both farmer and consumer. Only if we put into effect a program that succeeds in adjusting production to that which we can use and that at the same time provides a fair income for the farmer, only if we thus promote economic and price stability in agriculture, only then can continued technological improvements in production be expected to result in an eventual lowering of prices to consumers while maintaining farm incomes. Without such a program the farmer must pay the cost of risk, and of inefficient use of his productive plant, as I have described. Without it he must maintain greater financial liquidity than would otherwise be the case; he must pay more for credit; he is forced to use older and less efficient methods than he would otherwise use.

Supply adjustment programs that serve to reduce and minimize the extreme and uncertain price fluctuations in agriculture would reduce the costs borne by the farmer. They would mean a gain in production efficiency, and this in time would mean a reduction of the per unit cost of production. This would really set the stage for both the maintenance of farm incomes and an eventual orderly lowering of prices to consumers, consistent with the march of technological advance.

The urgency of this legislation is demanded by the magnitude of the storage problem.

The cost of the storage is so great that we cannot expect it to be long continued. This is an immediate and pressing burden. Eight years ago, agriculture's house was in order. Commodity carryovers were at reasonable levels. Producers had no burdensome surpluses hanging over their heads.

These were the quantities, held in public and private hands, of principal crops carried over into the marketing year of 1952-53:

Feed grains: 20.1 million tons which was 18 percent of the amount used in that year.
Wheat: 256 million bushels, or 26 percent of the amount used in that year.

Cotton: 2.8 million bales, or 22 percent of the amount used in that year.

The coming marketing year confronts us with a different picture:

Feed grain stocks will be around 84 million tons, or half of a year's needs. Over 85 percent will be Government owned or under CCC loans.

Wheat stocks next July 1 will amount to about 1½ billion bushels, or more than a

year's expected domestic and export needs. About 90 percent will be under CCC loan or in CCC inventory. Cotton stocks, at 7½ million bales, largely in private hands, will be down sharply from recent highs, but almost 3 times as large as in 1952.

The growth of feed grain and wheat stocks did not occur overnight.

Feed grain stocks have increased in every year since 1952, as a result of excessive production. Wheat stocks have increased in 6 years out of 9.

How can we convey the magnitude of the storage problem?

Taxpayers should know that Government costs of carrying and handling commodity stocks have risen from \$238 million in fiscal 1953 to \$1 billion in the current fiscal year. These costs include storage, transportation, and interest. The CCC investment in price support at the end of this fiscal year will be about \$8.5 billion. Wheat and feed grains will account for 87 percent of this.

We must face the problem of working down these large stocks. As long as they exist, they pose a threat to markets and to price stability that extends beyond these commodities to the livestock industry.

We cannot reduce stocks as long as the supplies that come out of inventories are more than replaced from excess current production. Each recent year has added an average of 7 million tons of feed grains to stocks. Annual additions of wheat have been about 130 million bushels. We cannot expect to reduce CCC inventories until we have the legislation and programs that will effectively adjust production below total annual needs. This is a major goal of legislation here proposed.

Land-Grant Colleges: A Continuing Step Toward Education for All

EXTENSION OF REMARKS OF

HON. JAMES ROOSEVELT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. ROOSEVELT. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following because I strongly believe in the benefits that can be derived from higher education for all of our qualified citizens. I appeared before the Select Subcommittee on Education on April 13, 1961, to speak in favor of H.R. 4386, which provides for continuing education programs stemming from colleges and universities. I hope my colleagues will find the remarks that follow of interest:

STATEMENT BY THE HONORABLE JAMES ROOSEVELT, OF CALIFORNIA, ON H.R. 4386, BEFORE THE SELECT SUBCOMMITTEE ON EDUCATION, APRIL 13, 1961

Mr. Chairman, it is my great pleasure to appear before your committee and support the bill H.R. 4386, providing for continuing education programs stemming from colleges and universities.

As has been made clear, the purpose of this bill is to establish a publicly supported program of general education, to be operated by State universities and land-grant colleges.

I know of few greater challenges in the educational field than those sought to be met and fulfilled by the bill. Technical and social change is occurring in our time at an astonishing pace. Economic and social problems are becoming increasingly complex with

the issue of automation adding its own fuel to this problem.

On the international scene we are witnessing as never before the greatest possible challenges to our democratic form of government. The effectiveness of our leadership in the years to come will be measured in part by the degree to which we solve our national problems; and the democratic manner in which these problems are met.

The growing importance of education and the changing relationship of government to education was clearly restated in the now famous school desegregation cases, decided May 17, 1954, in the following language by a unanimous Supreme Court:

"In approaching this problem we cannot turn the clock back to 1868 when the amendment was adopted, or even to 1896 when *Plessy v. Ferguson* was written. We must consider public education in the light of its full development and its present place in American life throughout the Nation. Only in this way can it be determined if segregation in public schools deprives these plaintiffs of the equal protection of the laws.

"Today, education is perhaps the most important function of State and local governments. Compulsory school-attendance laws and the great expenditures for education both demonstrate our recognition of the importance of education to our democratic society. It is required in the performance of our most basic public responsibilities, even service in the Armed Forces. It is the very foundation of good citizenship. Today it is a principal instrument in awakening the child to cultural values, in preparing him for later professional training, and in helping him to adjust normally to his environment. In these days, it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education. Such an opportunity, where the State has undertaken to provide it, is a right which must be made available to all on equal terms."

From the earliest days of the Republic the Federal Government has made grants of land or funds to States to assist them in carrying out certain services that are "clothed with a national interest."

One hundred years ago, Congress began its support of State land-grant colleges and universities. In the colonial days higher education in this country was available only in a few institutions, such as Harvard, Yale, and William and Mary. These institutions at different times were subject to varying degrees of public control, but were essentially private. After the Revolutionary War the States began to organize universities as publicly controlled institutions. They were not essentially different from the privately controlled ones which by that time had grown relatively strong and were setting the pace for the development of collegiate education throughout the country.

During the first half of the 19th century the two types of colleges and universities, publicly and privately controlled, developed side by side. Both were greatly influenced naturally by the European universities of which their leading professors were commonly products. But these European universities were organized to serve a society not predominantly democratic. University education was for the leisure classes, the government leaders, and members of the professions.

The American institutions, functioning in somewhat the same fashion, maintained chiefly the classical and professional curricula. They made only slight adaptations to the needs of a pioneer people. A study of such fields as agriculture and the mechanic arts was beneath their academic dignity.

The mild protest against this too exclusively classical type of college and univer-

sity, grew into a widespread agitation by the middle of the 19th century. Agricultural societies in many States were insisting that there must be available colleges where agriculture could be studied. The already established colleges and universities remained largely uninfluenced, however, by this agitation. Hence, during the 1850's the Congress debated the issue and finally passed the Morrill Act of 1859. President Buchanan vetoed it essentially on the ground that it was in violation of the traditional policy of the Federal Government which had up to that time left the control of education to the States. In 1862 the Morrill Act was again passed and was signed by President Lincoln.

The fundamental purpose of the Morrill Act was to insure the development in each State of at least one college adapted to the educational needs of the agricultural and industrial classes. Without too much regard to the academic traditions which largely controlled the colleges and universities of the time, these new institutions, to be known as land-grant colleges, were to afford a type of education which would foster the development of agriculture and the mechanic arts. Each State was left to decide whether this new college should be made a part of an already existing institution (commonly the State university) or whether it should be a completely separate institution. By the time 48 States were admitted into the Union, more than a score of them had developed both a State university and a land-grant college or university on separate campuses, usually under separate boards of control. A number of States which established separate land-grant institutions have in recent decades joined their State universities and their land-grant colleges or universities under single boards in their efforts to coordinate the programs of the two institutions in a given State. A few States, notably New York, New Jersey, Delaware, and Pennsylvania, utilize as land-grant institutions, universities with varying degrees of private control.

Thus has grown up a system of colleges and universities managed by each State but conforming to certain broad policy stipulations of Federal law. The Federal support contemplated in the initial Morrill Act was to be the income from public land (30,000 acres for each Representative and Senator in Congress or equivalent in scrip) made available in each State. The State was expected to contribute to the maintenance of its land-grant institution as well as to provide its buildings.

From this modest beginning the Federal Government has expanded its contributions to the land-grant colleges and universities. Recognizing the need for research as a basis for developing agriculture, the Congress passed the Hatch Act in 1887 setting up in the land-grant institutions the system of agricultural experiment stations. In 1890 the second Morrill Act was passed supplementing by direct appropriation the income from the land grants for instruction. In 1914 the Smith-Lever Act was passed establishing the system of cooperative extension services to bring to adults the benefits of current developments in the field of agriculture. Thus, over a period of little more than half a century these institutions, designed to foster a program of education suited to the needs of the agricultural and industrial classes, had been established on a foundation of research, and encompassed a program for both the youth of the campus and the adult population throughout the rural areas of the State.

Throughout the recent decades numerous acts have been passed expanding the scope and increasing the support of all three aspects of their programs—research, campus instruction, and extension education. Now

in addition to the income from the original land grants the appropriations of Federal funds to aid the States in the maintenance of the land-grant institutions amount to more than \$300 million annually.

These funds are distributed to the States on a variety of bases. Some funds go in equal amounts to all States, some to the States on the basis of their farm populations, etc. The funds for campus instruction are distributed and administered by the U.S. Department of Health, Education, and Welfare, Office of Education. The funds for experiment stations and extension education are distributed and administered by the U.S. Department of Agriculture.

These land-grant institutions have broadened the base of higher education bringing it within the interest and attainment of vastly larger numbers of people than would otherwise have been reached. The whole realm of higher education in this country, and to a lesser degree even in some other countries, has been profoundly influenced by the developments of the land-grant colleges and universities in popularizing higher education. They have demonstrated the partnership of the Federal and State governments in the maintenance of a system of higher education which is designed to fulfill Federal, State, and local needs. They have spread widely the concept that higher education is something in which all the people have a stake. They have, therefore, a place of deep affection in the hearts of the people. They are growing in strength and influence with each passing decade.

As the committee knows, the present bill carries an annual basic appropriation of \$20,000 to each State. Additionally there is authorized the sum of \$8 million to be divided among the several States on a population basis; with the securing of its share of funds of the latter amount being based upon the State providing equal matching sums.

This, Mr. Chairman, raises in my mind a very serious and pressing problem, to which I would respectfully like to direct the attention and study of this committee.

As I emphasized earlier, any discussion of Federal responsibility in the field of education necessitates a consideration of Federal responsibility in civil rights. I would like to conclude therefore with a discussion of the National Government's responsibility in insuring equality under the law in affording educational opportunity.

As I stated before Subcommittee No. 5 of the House Committee on the Judiciary on March 11, 1959, in support of the Civil Rights Act of 1959, I think we are all very much aware that the challenge in this fast-moving 20th century is to bring social progress up to scientific, technological, and material progress. This has always been, down through the centuries, the real and overriding challenge to mankind. And the grave internal and external pressures that face this Nation today further emphasize the need for perfecting our democratic institutions through a recognition that social progress—and certainly implementation of civil rights—is part and parcel of such progress—is an indigenous ingredient in democratic concepts and institutions.

In the Morrill Act of 1890 the Congress included a clause requiring that land-grant colleges make no distinction of race or color in admission requirements. It was further provided that "no money shall be paid out under this act to any State or Territory for the support and maintenance of any college where a distinction of race or color is made in the admission of students, but the establishment and maintenance of such colleges separately for white and colored students shall be held to be a compliance with the provisions of this act if the funds received in such State or territory be equitably divided as hereinafter set forth." In

consequence of this authorization, 17 of the States have maintained separate land-grant colleges for Negroes.

It is a sad commentary that a program adapted to meet the educational needs of the agricultural and industrial classes should have resulted in a greater disparity between an advantaged majority and a disadvantaged minority of our citizenry.

I feel therefore, Mr. Chairman, that it is a pertinent inquiry by this committee to examine this important matter, for it appears to me that all land-grant institutions should open their resident instructions to all qualified students immediately. I should note, however, that some corrective action is now underway; and that through administration of these programs certain of these discrepancies can be rectified.

I am very grateful, Mr. Chairman, for the opportunity of appearing before this distinguished committee and supporting a bill and a farsighted program which should provide educational benefits for all our citizens.

St. Patrick's Day

EXTENSION OF REMARKS

OF

HON. MICHAEL A. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 26, 1961

Mr. FEIGHAN. Mr. Speaker, by leave previously obtained, I insert in the CONGRESSIONAL RECORD an address I delivered in Cleveland on March 17—St. Patrick's Day:

ST. PATRICK'S DAY

On this feast of St. Patrick, the patron saint of the Irish, we pay homage to our patron saint. We refresh in our minds and hearts the memory of him and of his labors, and catch, if we can, some spark of the love and faith which produced such labors, such fidelity, such zeal in the saint himself, and in the whole Irish nation which followed his footsteps.

From the days of gentle St. Patrick, who brought the light of Christianity to a land even in those pagan days, a civilized nation, to our present time, the Irish race has played a part in world history out of all proportion to their comparatively small numbers. When Christian civilization was all but destroyed by the barbarian invasion of other days, Ireland became the sanctuary and refuge of learning and culture.

The Irish always had a genius for spiritual values. In their entire history they have opposed the false philosophies of materialism which have often distorted men's sense of proportion.

It is more than 1,500 years since Patrick, captured by pagan Irish, was brought to Ireland to work as a shepherd tending flocks on the hillsides. Most of you know the story of Patrick—the long nights on the hillsides he spent, pondering on the pagan blindness of the splendid race of the Gael who were his captors and knew not Christ; the dreams he dreamt that he might one day bring to them the gift of God's grace and the sweetness of His love; his escape, and the long years of study in the seminaries of the continent; his consecration and his return again as bishop to Ireland; the long years of missionary labors among princes and people the length and breadth of the Emerald Isle.

On this feast day of St. Patrick, the patron saint of the Irish, there is great rejoicing in the Christian world. It is also a day for serious reflection on the life and times of St. Patrick and the spiritual values which he brought to Western civilization.

Today Western civilization is in a state of profound doubt. This once dynamic way of life is now gripped with instabilities, fears, and uncertainties concerning the future. From within and from without, the timeless values which mark the character of the Western World are under assault.

The new barbarian has already breached the outer ramparts of our civilization. He has cast the heaviest of chains upon millions of people who have the right to claim a common heritage with us. At this hour he stands without our very gates, awaiting the moment when we shall hesitate or falter in our defenses, thence to strike us a mortal blow. But history has a manner of repeating itself.

Fifteen centuries ago another civilization was put to the test by destroying forces from within and without. The great Roman Empire then represented a way of life guiding the affairs of most of the known world. From within, the Roman Empire had become soft and purposeless, materialism and the pursuit of creature satisfaction had been eating away at the very heart of the civilization. From without barbarian tribes were battering at the walls of the empire, contemptuous of the once vaunted power and glory of the Roman leaders. And Rome fell, the victim of its own weakness, its unwillingness to change from within in order to meet the challenge of the barbarian assault from without.

It was at this crossroads in history that a young man, a former slave and later to be known as St. Patrick, was leaving his indelible mark upon the Irish people. So deep was his spiritual mark upon the once wild and war-like tribes of Ireland that it was not long before bands of his followers left the Emerald Isle to lift the curtain of spiritual darkness which had descended upon all of Europe after the fall of the Roman Empire. The barbarian hordes which flooded over most of known Europe brought nothing with them except power, brutality, despotism, and the pagan code of might makes right. St. Patrick and his teachings thus became the spiritual liberators of Europe, following a long period of darkness.

There are many signs today which indicate that Western civilization may be following the old roads of the Roman Empire—the roads to internal collapse. And the United States is no exception to this trend. The spiritual and moral values which brought greatness to our country have been pushed into the background. New and unbecoming standards and moral values seem to occupy a dominant role in our national affairs. Material values and creature comforts are the order of the day. Personal success is all too frequently measured by the external evidences of material wealth. By one common standard you are judged to be successful if you own a large rambling home in suburbia, two cars, and a private swimming pool. Thus the criteria for attaining success emphasizes what you have been able to get out of your fellow man—not what you have done for your fellow man.

To put it another way, it is said that we are living in the organization age and that the organization man is the key to 20th century success. Now who is the organization man? He is the man who can come closest to behaving like a well oiled machine, built to perform a special, but limited, function. His job is not to think but to follow out standard operating procedures. He must be impersonal and detached. Success is determined by the fewest possible mistakes reflected in his personnel record and the fewest possible mistakes urge the organization man to become a rigid conformist. Such a system drains the individual character from man, thwarts the creative initiative of the individual and produces a mediocrity which hinders progress.

The organization age also produces impersonal policies and the impersonal ap-

proach in business and government. The individual becomes little more than a number. In another sense, the people subjected to this system become a faceless mass, to be manipulated and moved about not unlike puppets on a string.

At this moment of economic crisis at home we witness the degrading results, in terms of human values, brought on by the organization age. The unemployed, for example, are nothing but numbers to be jostled about in public announcements every month or so. These numbers become cold and meaningless even when they increase in volume with each passing month. But behind each of these numbers is a human being and in most cases a family, the basic unit of Western civilization. Through overreliance upon numbers, charts, and statistics, a common evil of the organization age, the human factor is submerged. A coldness grips our civilization. The harsh facts of life which move thinking people to action are disguised by statistics.

It is little wonder then that our public life is gripped by doubts and uncertainties. We have strayed a long way from our beginnings. We must not become victims of a system which would make our people a faceless mass.

These signs and many more move me to conclude that we shall not withstand the barbarian assault from without if we do not undertake immediate and far-reaching reforms from within. This is the lesson we must learn from the hard judgment of history.

We hear on all sides that we live in a revolutionary era, that old values have lost their purpose and that even the language we use in expressing these values has lost its impact upon the minds of people. It would do us well to remember on this occasion when we celebrate the feast day of our patron saint that St. Patrick in his time taught a revolutionary belief. It was revolutionary because St. Patrick worked upon the then pagan tribes of Ireland. He taught that man—every man—possessed an individual dignity conferred upon him by God his creator, and that from this dignity came certain rights which were the birthright of every man. So revolutionary were these teachings that they soon converted the entire Emerald Isle.

What St. Patrick taught remains the issue of our time. That issue, stripped of all the confusion which now attends it, can be stated very simply. It is the dignity of man, with all that it implies down through the ages of man's experiences and aspirations. The enemy from without boldly proclaims that man has no dignity, that man is no more than an animal, simply an economic being who will be happy and contented if his physical needs are met. Believing this, the new barbarian feels free to visit all sorts of indignities and inhumanities upon all those who fall under his ruthless rule.

By turning to the life and times of St. Patrick we find the answers to the doubts which beset us, the uncertainties and fears which grip our daily lives. St. Patrick had many virtues in a full lifetime of great accomplishments, but these, in passing review, would serve well our present needs.

Conviction: St. Patrick believed. He made a commitment to spread the message of Christ and his teachings and thus to bring enlightenment to his fellow man. Nothing could dissuade him from these beliefs—right was right and wrong was wrong, and there was no in-between in his code of moral values. In our times much of the public thinking is gray in character. That is, it is somewhere at the midpoint between right and wrong, a position which falls conviction and commitment.

A magnificent persistence: St. Patrick possessed a single purpose. He could not be diverted from his course. He refused to accept defeat and never turned his back on

discouraging experiences. Nor did he ever tire of the daily burdens he bore.

Selfless devotion to his cause: St. Patrick was never mindful of material gain and was concerned only with what he could give to his beloved Irish people. Disdaining physical comforts, his greatest happiness was found in living the spiritual ideals of Christendom. How different this is from what we see on all sides today, a spirit of selfishness and pursuit of worldly goods has become a career for too many.

A doer of the word: St. Patrick was first a teacher, but always taught best by personal example and work in his daily life, and his personal example inspired others to believe and to live the good Christian life. He was a doer of the word.

Fearless courage: St. Patrick went among the barbarian tribes of Ireland without the slightest trace of fear and this at a time when the hearty Irish people were inclined

to indenture at hard labor all strangers who came into their midst. He entered the high temple of the Druids on command to come forward and present his case—mindful that certain death awaited his failure to convince them of his beliefs. The strength of St. Patrick's fearless courage was endless.

A sense of destiny: St. Patrick knew that he was not born to vegetate and then die like the flowers of early spring. His was a mission ordained among men, and the fulfillment of that mission was his destiny. Conscious always of the immortality of his soul, he instituted a sense of high destiny into his beloved Irish flock. This sense of high destiny has gripped the Irish in every generation. It is this sense of destiny which brings greatness to a people and which has moved our country to its present station among the nations of the world.

As we face the perplexing problems of our time, charting a course to withhold the en-

emy from without, we must revitalize our civilization from within. What better guidance could we have than the lessons learned from the life and times of St. Patrick. Nothing could more quickly transform Western civilization to its former dynamic status.

Accepting these virtues of St. Patrick, and adopting them into our daily lives, we need have no fear of the enemy from without, and may take comfort in the knowledge that this would soon eliminate the dangers from within our public life. But nothing less shall shelter us from the days of trial that lie ahead. We, in our times, are called upon to prove our faith in those timeless values and principles of Western civilization. Rejoicing in the glorious heritage handed down to us, by the good St. Patrick, we can face the future in the certain knowledge that these evil times shall pass and our way of life will have proved its worth in the test.

SENATE

THURSDAY, APRIL 27, 1961

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Father of our life, Fountain of our being, we thank Thee for the light of Thy countenance which illumines even drab days with eternal splendor. Without that light we walk in darkness; without Thee as guide our boasted progress but leads to the quagmires of futility and oblivion; without Thee our science but whets the sword to a sharper edge and destroys us with our own wheels and wings; without Thee commerce cannot save us for selfish trade but lifts the hunger of covetousness to a higher pitch; without Thee even education cannot redeem us, for we see now that the mere sharpening of the intellect, the massing of facts and figures, may but fit men to be tenfold more masterful in the awful art of slaughter.

In this day of crisis in our national life may we not miss the way. Shatter our delusions, shine through our blindness, shame our materialism, and, through our shared blood and sweat and tears as we defend the things that have made our America great, bring us at last to a common victory for the inalienable rights of all men everywhere.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, April 24, 1961, was dispensed with.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that

on April 24, 1961, the President had approved and signed the following acts:

S. 178. An act for the relief of Michael J. Collins;

S. 278. An act to amend title II of the Vocational Education Act of 1946, relating to practical nurse training, and for other purposes;

S. 298. An act for the relief of Earl H. Pendell;

S. 900. An act to provide for the striking of medals in commemoration of the two hundred and fiftieth anniversary of the founding of Mobile, Ala.;

S. 1295. An act to authorize the use of funds arising from a judgment in favor of the Nez Perce Tribe of Indians, and for other purposes;

S. 1297. An act to authorize the payment of per diem to members of the Indian Arts and Crafts Board at the same rate that is authorized for other persons serving the Federal Government without compensation; and

S. 1298. An act to permit the Secretary of the Interior to revoke in whole or in part the school and agency farm reserve on the Lac du Flambeau Reservation.

REORGANIZATION PLAN NO. 1 OF 1961, RELATING TO THE SECURITIES AND EXCHANGE COMMISSION—MESSAGE FROM THE PRESIDENT

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which, with the accompanying paper, was referred to the Committee on Government Operations:

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 1 of 1961, prepared in accordance with the Reorganization Act of 1949, as amended, and providing for reorganization in the Securities and Exchange Commission.

This Reorganization Plan No. 1 of 1961 follows upon my message of April 13, 1961, to the Congress of the United States. It is believed that the taking effect of the reorganizations included in this plan will provide for greater efficiency in the dispatch of the business of the Securities and Exchange Commission.

The plan provides for greater flexibility in the handling of the business before the Commission, permitting its

disposition at different levels so as better to promote its efficient dispatch. Thus matters both of an adjudicatory and regulatory nature may, depending upon their importance and their complexity, be finally consummated by divisions of the Commission, individual Commissioners, hearing examiners, and, subject to the provisions of section 7(a) of the Administrative Procedure Act of 1946 (60 Stat. 241), by other employees. This will relieve the Commissioners from the necessity of dealing with many matters of lesser importance and thus conserve their time for the consideration of major matters of policy and planning. There is, however, reserved to the Commission as a whole the right to review any such decision, report or certification either upon its own initiative or upon the petition of a party or intervenor demonstrating to the satisfaction of the Commission the desirability of having the matter reviewed at the top level.

Provision is also made, in order to maintain the fundamental bipartisan concept explicit in the basic statute creating the Commission, for mandatory review of any such decision, report or certification upon the vote of a majority of the Commissioners less one member.

Inasmuch as the assignment of delegated functions in particular cases and with reference to particular problems to divisions of the Commission, to Commissioners, to hearing examiners, to employees and boards of employees must require continuous and flexible handling, depending both upon the amount and nature of the business, that function is placed in the Chairman by section 2 of the plan.

By providing sound organizational arrangements, the taking effect of the reorganizations included in the accompanying reorganization plan will make possible more economical and expeditious administration of the affected functions. It is, however, impracticable to itemize at this time the reductions of expenditures which it is probable will be brought about by such taking effect.

After investigation, I have found and hereby declare that each reorganization included in the reorganization plan transmitted herewith is necessary to accomplish one or more of the purposes set forth in section 2(a) of the Reorganization Act of 1949, as amended.